

Response to Ofcom's Consultation on its draft Annual Plan 2006/7

CONSUMER
PANEL

Ofcom
OFFICE OF COMMUNICATIONS

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1. The Consumer Panel is broadly supportive of Ofcom's outline plan for 2006/7. We especially welcome Ofcom's statement that consumer protection will be one of its nine priority areas over the coming year. We will be watching closely how Ofcom meets the challenge of Better Regulation and a light touch approach to the market while ensuring consumers are adequately protected and provided for. Also, we welcome Ofcom's focus on media literacy. It is essential that everyone, no matter who they are or where they live, can access the full benefits of the communications market. However, there are some points we would like to make where we think Ofcom needs to focus in particular.
2. We are very surprised to see that Ofcom does not explicitly refer to Digital Switchover (DSO) on its own and place it as a priority area for the forthcoming year. Despite the roles played by Digital UK and the government, Ofcom is a member of the Ministerial Group on DSO and it is imperative that Ofcom continues to engage on this issue and press the government and Digital UK to address the needs of vulnerable consumers, especially the socially isolated, during the switchover process. Ofcom should not take a back seat at this critical policy juncture.
3. We note that Ofcom mentions its Consumer Strategy policy under the theme of 'Delivering the Citizen and Consumer Interest'. We look forward to Ofcom publishing and then implementing the policy. Whilst we are called the Consumer Panel, much of our work centres on citizen issues. We understand why Ofcom omitted the citizen dimension from the Consumer Strategy document for philosophical and practical regulatory reasons, but we think that Ofcom should, over the coming year, develop and define its approach to citizen issues within a policy context.
4. We welcome Ofcom's statement that it is now in a phase of its life when monitoring and enforcement will come to the fore – as will consumer protection and understanding consumer behaviour. We note that in Ofcom's response to the Consumer Panel's Consumer Interest Toolkit an

early warning system to combat scams and consumer detriment is proposed as is how best to track these and whether the creation of a dedicated enforcement team is required. We also welcome Ofcom's plans to conduct further research and understand: the consumer switching decision-making process; how cost aware consumers are; the type of information consumers prefer and how they use it; and their purchasing experience, to understand how to aide consumer empowerment. All of which should help Ofcom to protect consumers from unethical business practices and enable consumers to effectively 'choose and use' communications products and services.

5. Ofcom should identify and focus on the needs of older people over the coming year. We think it is important that older people are well informed and feel confident in their purchasing decisions in the communications market. Our own research shows that older people, for a number of reasons, are not taking advantage of the full benefits of the market. Of particular concern for the panel is access to digital televisions and the internet. In response to this one of our priorities over the next year is to understand these issues and what can be done to resolve the access gap. Thus a broad theme of Digital Inclusion should run through all of Ofcom's thinking for the 2006/7 year.
6. We are concerned that there was no mention of younger people outside of Ofcom's broadcast content protection remit. At Paragraph 2.18 of the annual plan Ofcom states that, "mobile phones are now owned by...90% of children over the age of 10". This is a significant percentage of the population and Ofcom should undertake research into this area in order to understand what, if any, consumer protection issues exist and whether there are any regulatory implications.
7. We think that the Annual Plan could be more explicit about issues that affect disabled people. We would like to see some forward thinking by Ofcom on the issues, and address them up front where appropriate.
8. We note that Small and Medium Enterprises (SMEs) are not mentioned at all in the Annual Plan. We recognise that Ofcom is undertaking research into this area and that the research will feed into its Better Regulation workstream but we would like to see Ofcom ensure that the research is not lost but developed. We would like to re-iterate the importance of engaging with these stakeholders and for Ofcom to take their needs into account when taking policy decisions.
9. We are pleased to see that Ofcom has aligned its work on Better Regulation and Impact Assessments with our own work on the Consumer Interest Toolkit. This work will be essential for Ofcom to embed the consumer interest into everything it does. In tandem we will also develop our own techniques for holding Ofcom to account on how it identifies and considers "the potential impact (of policy) on people living in different parts of the country, people who are older, disabled, on low incomes or from a

particular racial group” and how this is fed into its regulatory decision-making process.

10. In 2006/7, we would encourage Ofcom to address any issues that arise from its audit of the Nations and Regions – as they can often be overlooked. We think it would be beneficial for Ofcom to consider whether a regulatory ‘one size fits all’ approach is appropriate for the UK communications market or whether tailored solutions are more suitable in order to resolve localised market failures.
11. Also, we note that Ofcom’s international strategy concentrates on influencing EU regulatory decision making. Whilst we think it is entirely correct for Ofcom to focus on this area and we recognise the work presently being done, we suggest that Ofcom should look at the international market in the round and review how other National Regulatory Authorities are regulating their communications markets. Such a comparative analysis can only benefit Ofcom’s own policy making.
12. We agree that one of Ofcom’s nine priorities for the coming year must be to ensure that the implementation of the Telecoms Strategic Review (TSR) is a success. The TSR was central to much of Ofcom’s work last year, and how this policy beds down is important in terms of what benefits the new regulatory environment will deliver to consumers. We welcome Ofcom’s intention, having taken our advice, to commission an independent audit and to use international comparators and innovation benchmarks as part of a number of metrics to measure the success of the TSR Policy. However, we continue to disagree with Ofcom’s stand that targets, that are time specific, should not be set. We think Ofcom should be addressing these issues to ensure that the telecoms market provides a fair deal for all.
13. In line with and as part of its TSR work Ofcom should also take a broad look at ‘next generation networks’ (NGN). Ofcom should not confine itself to reviewing BT’s plans for its NGN roll-out. These plans may become quickly outmoded due to the fast changing nature of the communications market. Ofcom should look internationally at how other countries envisage their NGN’s are to be built so that Ofcom remains ahead of the curve.
14. Finally, we would be interested to know Ofcom’s own assessment as to whether or not it had set itself the correct priorities for 2005/6. By understanding what it got right or whether it had failed to recognise a regulatory workstream that arose can only help Ofcom set the right priorities in the future.