

11th Ofcom Consumer Panel meeting, 26 January 2005

Note of the Eleventh Meeting of the Ofcom Consumer Panel, held at Ofcom, London, 26 January 2005

Introduction

1. The Chairman welcomed members to the eleventh formal meeting of the Ofcom Consumer Panel. Apologies were sent by Kevin McLaughlin. Julie Myers (Adviser to the Panel), David Edwards (Secretary) and Flora Demetriou (Consumer Panel Executive Support) were present throughout the meeting. Ofcom colleague Dougal Scott and Paul Champsaur, Président of the Autorité de Régulation des Télécommunications, attended for part of the meeting.

Previous minutes and matters arising

2. Minutes were agreed. Dominic Ridley would be joining the Panel support team on 3 February 2005 as a Policy Executive. The first Panel e-newsletter had been issued on 10 January 2005. It would appear bi-monthly assuming sufficient content. It was confirmed that the Panel did not require a publications scheme under freedom of information provisions. An action plan on digital switchover had been drafted; meetings with groups/organisations would remain an important and ongoing activity. Developments would depend on a date for analogue switch-off and the effectiveness of SwitchCo. Roger Darlington had attended the Oxford Media Convention on 20 January 2005. A summary of views expressed by Chris Goodall, a speaker at the event, was that the costs of switchover were underestimated and the benefits overestimated. Chris Goodall's presentation would be copied to members. David Yalton would be the new Digital Stakeholders Group Chairman. The Secretary had compiled a summary complaints report for the Chairman's approval; it would be copied to members.

Chairman's report

3. The Chairman had agreed a 2005/06 Panel budget with Ofcom, including additional funds for research. The Chairman and Deputy Chairman had met with Lord Puttnam and Peers interested in communications. They were concerned that an emphasis on economic regulation by Ofcom might mean that citizen issues failed to be addressed. This concern appeared to be exacerbated by the hyphenation by Ofcom of the terms "citizen" and "consumer" when Parliament had had lengthy debate about the specific reference to Ofcom's duties to citizens during the passage of the Communications Bill. The Chairman sought to reassure Peers that the Panel was constantly engaged with citizen issues. There had been discussion of access, in relation to communications equipment and social inclusion. Regular contact would be maintained with the Peers.

4. The Panel agreed that its role in relation to "citizen" concerns should be made clear in its publications. For instance, debates about broadband Britain were as much about citizens as about consumers and e-Government interactions would be about citizen rather than consumer issues. Reference was made to

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media literacy in this context. For the Panel it was about the ability to use communications technology. A better term was required to articulate this.

5. The Chairman had discussed the Peers meeting with David Currie. He had asked that the Panel's audit project be extended to include "citizen" issues, i.e. to examine how well Ofcom took account of consumer and citizen issues in its regulatory decision making. The Chairman proposed that a member of the Content Board be invited to join the project board and also wished to invite participation by the National Audit Office. The Chairman would raise the audit and media literacy with the Chairman of the Content Board.

6. The Chairman had drafted a response to Ofcom's consultation Number Translation Service – options for the future. Due to timing – the formal closing date for responses had passed – the paper had been forwarded to Ofcom as a draft response subject to ratification. The primary message of the response was that Ofcom needed to rethink its approach and conduct relevant research. Member discussion covered pricing information and the process of Panel responses. There was a risk that Ofcom's options 4 and 5 could limit competition and result in migration of services like dial-up Internet access to 09 number ranges. It was recognised that 09 calls might be more expensive but the costs would be clearer to consumers. Operators did not have to set high charges for 09 calls but non-BT customers would be unsure of the rates they were charged. A different approach to pricing information could be appropriate for low and high value services. Additional information might be more than consumers wanted – hence the need to research consumers' wants. The Chairman had raised Number Translation Services with David Currie and expected the Panel's views to be shared with the Ofcom Board.

Members' updates and other Panel activities

7. There was a report on progress of the Panel's consumer research project. The consultants' reports would be finalised and incorporated into a single report and the 'deep dive' reports for each consumer group/nation were expected to be prepared by late February 2005. After the February meeting, the individual group/nation reports would be discussed with relevant Ofcom Advisory Committees. The final report for publication was expected to be approved at the March 2005 Panel meeting.

8. The meeting of Ofcom's Advisory Committee on Older and Disabled People had been held the previous day and a presentation delivered on the Panel's switchover report. Universal service had been a major agenda item. On the telecoms review, views had been received from disability and consumer contacts on Phase 2 documentation and its usability/accessibility from respondents' perspectives and had been circulated.

9. Rosalind Stevens-Strohmann had taken over Ofcom's project to review Alternative Dispute Resolution (ADR) schemes and was keen to involve the

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Panel. It was agreed that Elizabeth France, the Telecommunications Ombudsman, should be invited to meet the Panel for a general discussion on the nature and extent of complaints in the telecoms sector. That would be followed up by an invitation to the Communications & Internet Services Adjudication Scheme, the other telecoms ADR.

10. A meeting had been held with Ofcom's William Webb to discuss the Spectrum Review. There were numerous consumer and citizen issues to explore; so far the review had a technical and economic focus, with an emphasis on market solutions. A seminar could be the way forward, involving the Panel and Ofcom colleagues. Guest speakers could include industry experts and representatives from the regions with concerns about social exclusion in rural areas. Developing the point about social exclusion, it was only necessary to look at coverage maps, e.g. mobile coverage or roll out of broadband, to notice that gaps always appeared to be in the same locations.

Consumer Panel 'stock-take'

11. There was insufficient time to discuss this and the Secretary would send members a note on the procedures to be followed. [Note: A separate stock-take meeting was held on 23 February 2005 to allow the Panel to review how well it had performed as a Board during its first year of operation.]

Telecoms review

12. The Deputy Chairman was leading on the Panel's response to the Telecoms Review (TSR). She suggested changes to the format/structure of the Panel's draft response and there were some sections for discussion and development on consumer information and switching. Dougal Scott summarised Ofcom activity on the review since Phase 2 publication in November 2004. This included detailed discussion with BT and others and workshops in the regions and Nations, involving small businesses and consumer organisations. Specifically there had been a workshop on consumer information issues where the distance in views between operators and consumer organisations had been apparent. To date no workshops had been held on Universal Service. [Note: Ofcom Universal Service consumer workshops were subsequently held on 16 and 17 February 2005, on disability issues and low income/public call boxes respectively.] Dougal Scott commented that there was a great deal of overlap between the telecoms and Universal Service Reviews; the former looking at Universal Service with a long time horizon and the latter a separate obligation on Ofcom to review Universal Service in its current form. The Chairman's view was that from the consumer's point of view both aspects of universal service were indissoluble, i.e. short and long term considerations.

13. Ofcom's industry proposals had been well thought out and made up the bulk of the Phase 2 consultation document. Consumer proposals in the consultation were 'greener', and deliberately so, to stimulate debates. The

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Chairman's view was that Ofcom should have made clear its approach to the treatment of consumer issues. Dougal Scott said that Ofcom had been motivated to concentrate on industry issues because, to some extent, delay in their resolution could impact on the viability of some industry players. The Panel understood that argument but its view was that consumers' wants ought to have driven the review, with solutions applied to those wants. It was suggested that consumer information and related issues could merit a separate consultation exercise. In its response to Phase 2 the Panel intended to comment on the regulatory balance in the consultation documents; process, timing and treatment of universal service; and an overarching point would be that the starting place for the review should have been the question of what would work for consumers. Phase 3 of the review would appear in Spring 2005 but the timing of the General Election could affect the timetable for publication. Dougal Scott would provide feedback on plans for consumer detriment analysis as part of the TSR.

14. The Panel had its own detailed discussion of its draft response to Phase 2 of the TSR. The Chairman summarised the position in the light of discussion with Dougal Scott. The draft covered all the main issues but needed to start from a consumer/citizen base. There were issues around process and a disjunction between the TSR and the Universal Service Review. The approach to the review appeared to be 'back to front' and the consultation format had not created a wide enough community of respondents.

15. Members made additional comments. Provision of consumer information was difficult and this seemed to be offered as a reason for Ofcom not to provide it. Suppliers could not be expected to act as an independent source of information about their competitors. Unlike the energy sector there were a multiplicity of fixed and mobile telecoms tariffs and these changed on a daily basis. Greater competition could lead to greater consumer confusion. Research was required on where people obtained information. It would then be possible to assess different approaches to information provision. There already existed an Ofcom approved tariff information website but the market had not delivered competing information providers and some consumers did not have Internet access. No tariff information site could be more neutral or authoritative than an Ofcom site but consumer awareness of Ofcom would have to be increased. In some circumstances there was too much information and it was confusing for consumers. It was not practical for suppliers to provide comparative information at the point of sale. Supplier resistance to a requirement to provide standardised tariff information could be expected. The response to the consultation would be redrafted.

France

16. The Panel wished to increase its understanding of regulation in different national jurisdictions. Paul Champsaur had been invited to talk to the Panel about the Autorité de Régulation des Télécommunications (ART) and telecoms regulation in France, where liberalisation had been driven by EU legislation.

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Competition in fixed line services was recent, with national and international calls in 1998, following ten years after the introduction of competition in mobile services. Carrier selection and pre-selection were introduced in 2000 and extended in 2002 to include local calls. France Telecom (FT) remained the incumbent operator with 35 million fixed lines, 26 million of which were residential lines. Broadband had grown fast, network costs had fallen and short average local line lengths made it possible to provide broadband to a high proportion of the French population. By the end of 2006 all FT exchanges were expected to be broadband enabled. ART wished to encourage competition to FT, wholesale prices would have to be set at the right level and adequate accounting separation would have to be put in place. Incumbent operators, like FT, appeared to be treated differently in each EU state. The level of competition differed between EU states and there was a need for better sharing of information. Within the European Regulators Group it was not always easy to reach a consensus but Ofcom appeared to be influential. ART did not have a body like the Consumer Panel to advise it.

Other matters to note/agree

17. Discussion of the Panel's annual report would be by email. The Chairman would draft a forward covering the big issues for the Panel, including 'citizens', and members would have an opportunity to comment. Members were copied a report on meetings, consultations and approaches to the Panel; its contents had been noted.

Any other business

18. Ofcom had a duty to encourage availability of easily usable apparatus. Comments were requested from the Panel on a draft Ofcom paper which explained the way that Ofcom would allocate its research resources to different projects. Following on from the November 2004 research seminar on low income issues, a date would be set for a second seminar, ideally in June 2005.

19. The Panel agreed that a presentation on next generation telecoms networks would be beneficial. The Secretary would schedule one to coincide with a Panel meeting in the near future. Electronic Programme Guides were important for access to broadcast services and would be factored in to the Panel's new work programme. The latter would be discussed in March/April 2005 and would take account of issues arising from the Panel's research. The work plan was likely to include a project on consumer information and trusted sources. The March 2005 Panel meeting would be in Edinburgh and members would be copied details of meeting arrangements.

Date of the next meeting

20. The next meeting would be held on 24 February 2005 at Ofcom in London.