

14th Ofcom Consumer Panel meeting, 19 April 2005

Note of the Fourteenth Meeting of the Ofcom Consumer Panel, held at Ofcom, London, 19 April 2005

Introduction

1. The Chairman welcomed members to the fourteenth formal meeting of the Ofcom Consumer Panel. Flora Demetriou (Consumer Panel Executive Support), David Edwards (Secretary) and Dominic Ridley (Policy Executive to the Panel) were present throughout the meeting. Ofcom colleagues Gareth Davies and Alex Blowers attended for part of the meeting.

Previous minutes and matters arising

2. Minutes were agreed. A Panel seminar on spectrum had been 'scoped', date to be confirmed. The Chairman had spoken to David Currie about feedback from Ofcom on its relationship with the Panel. She would be writing to him to obtain a formal response. The Panel's research would be published on 10 May 2005 and the Chairman would be involved in media opportunities that arose. There would be discussion of 2005-06 research plans at the next meeting.

3. The Chairman had discussed technical planning options for digital switchover with Ofcom's Robin Foster and Jim Egan. A number of households on the edge of analogue terrestrial reception were expected to be in a different position after switchover, either better or worse. Ofcom and broadcasters had issued a proposed timetable for analogue switch-off. The Government had not formally responded, but according to the Labour Party 2005 election manifesto switchover would be achieved between 2008 and 2012, region by region. Jim Egan had agreed to discuss switchover with the Panel at its next meeting.

Chairman's report

4. The Chairman reported that the 'stock-take' was almost complete. She and the Deputy Chairman had held individual evaluation/feedback sessions with most Panel members the previous day. The Panel's first annual report would be published on 28 April 2005. The audit project was progressing and a meeting would be held on 28 April 2005 to go through tenders, members would be kept informed of progress. The Chairman had attended the 13 April 2005 meeting of Ofcom's Advisory Committee on Older and Disabled People (ACOD). She had outlined the Panel's research findings.

Members' updates

5. There had been discussion of how to develop the Panel's disability sub-group. There was a perceived gap between the Panel's strategic approach and the ACOD's focus on the detail of disability issues. It had been agreed that the disability sub-group would meet with the Chairman and Deputy Chairman to discuss how that gap could be filled and a proposal could then be made to

14th Ofcom Consumer Panel meeting, 19 April 2005

Ofcom.

6. The Panel's attention had been drawn to the Irish communications regulator Comreg's establishment of its Consumer Advisory Panel. The Ofcom Consumer Panel could meet the ComReg Panel during a future visit to Northern Ireland. Newry was proposed as a location for the September 2005 Panel meeting – a border area where international mobile roaming was a concern for consumers. If a Northern Ireland assembly was not in operation by September 2005 the Panel might wish to engage with Northern Ireland's Westminster politicians. A short briefing paper on the political scene in Northern Ireland would be produced in time for the June 2005 Panel meeting.

7. A Panel member attended an Institute for Public Policy Research seminar on digital inclusion on 11 April 2005. UK internet use appeared to have plateaued at around 50% of households and the digital divide remained a concern. On 13 April 2005 he had attended an Institute of Electrical Engineers (IEE) lecture on getting fibre to the home. The lecture presentation had been copied to Panel members.

8. SwitchCo Chairman Barry Cox had been invited to speak at a European Policy Forum event on the evening of 12 July 2005. Panel members were invited to attend. Viviane Reding, the EU Commissioner for Convergence, had given an important speech, on 21 March 2005, with a focus on growth and jobs. The Television without Frontiers Directive and the electronic communications regulatory framework were her responsibility and both were subject to review in the next two years. The Commissioner had said that the Television without Frontiers Directive could no longer just be concerned with conventional TV/radio broadcasting. [Note: the speech can be found at http://europa.eu.int/luxembourg/docs/126-2005_en.pdf#search='commissioner%20for%20convergence']

9. Members had been copied a 'Manifesto Watch' summary. The main political parties' election pledges on communications and/or regulation appeared to be broadly in line with the Government's approach. The parties proposed further deregulation, 'sunset clauses' were favoured for new regulatory measures, and they were keen on cost benefit analysis. A briefing for Welsh Assembly members on digital switchover had been postponed until after the General Election.

10. A member proposed to demonstrate, to Panel members, live 'TV over the internet' – such a service had implications for switchover and where there was no terrestrial coverage. In the context of new services like this, strategies and reviews could quickly become out of date. The Chairman said that the Panel had to find a way to be knowledgeable about radical new services with the potential to dissolve existing regulatory structures whilst remaining focussed on issues of the moment. For example, the Panel should seek positive outcomes from discussions with Ofcom about geographic de-averaging without precluding future

14th Ofcom Consumer Panel meeting, 19 April 2005

developments. [Note: the demonstration took place later in the meeting]

11. The Panel discussed issues arising from geographic de-averaging of tariffs. A member commented that there was potential for the communications market to be skewed against BT, eg BT was required to bill using uniform fixed call charges irrespective of customer location whilst alternative suppliers were not. The latter had an incentive to 'cherry pick' and concentrate on urban areas. It was suggested that consumers living in remote parts of the UK had the option to move to centres of population. The Chairman argued that the latter was an urban view that did not take account of families that had lived for generations in a particular location or issues to do with rural economies. A member highlighted recent EU endorsement of public funding for broadband communications in rural and remote areas of Spain [Note: see <http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/05/398&format=HTML&aged=0&language=EN&quiLanguage=en>]. Public policy had to ensure inclusion of hard to reach areas of the UK. There were villages and communities living in these areas, not just individuals up a hillside. A member said that there was a tendency to assume that answers had to come from a regulator. The Chairman proposed a structured discussion of geographic de-averaging at the May 2005 Panel meeting.

12. A Panel member had recently returned from a trip to India. The communications market was less developed than in the UK but many of the issues were the same. He commented that PCs were expensive for consumers in India, that fixed-line services were being bypassed and mobile technology was being used to access Information Technology.

Premium rate services (PRS)

13. A Panel member had met with a member of ICSTIS – the Independent Committee for the Supervision of Standards of Telephone Information Services - and Panel members had been copied an information paper on steps to implement recommendations in Ofcom's report on regulation of PRS. Changes were being made but implementation was unlikely to be completed before 2006. Implementation of the Emergency Code Provision Amendment was expected by July 2005. Members requested a timeline on implementation of other recommendations. ICSTIS appeared to be keen to work with other organizations, particularly as it had limited resources, and the Panel could consider including a question on PRS in its next consumer research. ICSTIS published a consumer guide on premium rate services but it was not widely disseminated, ICSTIS would welcome any assistance the Panel could provide. The latest edition of ICSTIS Quarterly reported on the launch of the new Independent Classification Framework of the Independent Mobile Classification Body (IMCB). The IMCB was appointed by the UK mobile industry to oversee self-classification of new forms of adult content on mobile phones. A note on PRS issues of concern to the Panel would be prepared and a meeting held to discuss the approach to take with Ofcom/ICSTIS.

14th Ofcom Consumer Panel meeting, 19 April 2005

Consumer Policy Review Project

14. Gareth Davies gave an update on Ofcom's consumer strategy, covering project scope, objectives and timing. Ofcom had decided that a strategic approach was required to inform the work of its Consumer Policy team and project teams across Ofcom. The consumer policy review project team desired engagement with the Panel before the team reported to the Ofcom Board.

15. Gareth Davies gave an update on Ofcom's work on Number Translation Services (NTS). Responses to Ofcom's October 2004 consultation indicated consumer concerns about revenue sharing and a need for a stronger evidence base. An extensive research project was underway to assess the scale of consumer detriment resulting from NTS calls.

Connecting the UK: the digital strategy

16. Alex Blowers spoke about the Government's digital strategy, its implications and how to deliver on the actions arising from the report. A key theme was to address issues around social inclusion and how to bridge the digital divide. This includes a 'Digital Challenge', to encourage local access to public services delivered by information technology. Encouraging electronic access to such services could be a driver of broadband take-up. A contestable fund using public and private money was proposed to allow local authorities to set up community networks. This would be a Government initiative and Ofcom's direct role would probably be limited. It was unclear how this programme would be managed within Whitehall and where overall responsibility would lie.

17. In addition to the 'Digital Challenge' aspects, the published Strategy included other broadband-related policy proposals. Of most direct relevance to the Panel, Ofcom was being asked to take account of the prospects for broadband take up, monitoring it across social and age groups to gain a clear picture of developments in the market. The Government view appeared to be that relatively few people would be priced out of broadband, particularly in the context of what people were prepared to pay for a mobile phone service. But for many consumers, broadband continued to be an alienating service. Compelling content was lacking and a holistic set of policy responses was required. The strategy recognised the requirements of disabled users and contained a commitment to improve accessibility to technology. There was awareness that a geographic divide could emerge but the Government felt that creating mass market absorption of broadband where it was currently available was the immediate priority. Geography was an issue that could return to the top of the broadband agenda with availability of increased bandwidth. Despite the strategy the situation could be very different ten years hence.

18. At this point in the discussion there was a demonstration of a live 'TV over the internet' service, such a service could demystify and stimulate internet use. However, one consequence of broadcasting over the internet could be the

14th Ofcom Consumer Panel meeting, 19 April 2005

bypassing of the TV licence fee, with consumers switching from TVs to PCs. Local television could be driven by wide availability of interactive broadband services. Google had launched a video service that allowed users to set up their own personal 'TV station' without any regulatory involvement. These developments reinforced the need for Ofcom, the Panel and indeed the Government to look at issues of social exclusion, and the appropriate public policy response, in a holistic way.

19. Members made a number of other comments as follows:

- the Panel's concept of exclusion clearly included issues of geography;
- the strategy referred to people with disabilities but not the issue of adapted equipment or software;
- broadband take-up was encouraging but much of it had been migration from dial-up access;
- there remained issues about the costs of a PC and consumer confidence about using the internet;
- there could be a lesson from the Panel's work on switchover, ie practical community support applied to broadband to get people started; and
- broadband could be an ideal distance learning tool with data paths in both directions.

20. The Panel had been planning a second seminar, involving academic researchers and public policy organisations, on communications issues affecting low income consumers and regulatory implications. There were linked issues of universal service, geographic de-averaging and definitions of inclusion. The Deputy Chairman said that there was a need to rethink the seminar in the light of the digital strategy and actions arising from it, she would meet Alex Blowers to discuss this further.

Other matters to note/agree

21. Members were copied a report on recent meetings, consultations and approaches to the Panel; its contents had been noted.

Any Other Business

22. A member commented that 'slamming' continued to be top of the list of consumer issues being raised with the Ofcom Contact Centre. There were to be mandatory codes of practice (CoPs) on mis-selling of fixed-line telecoms services but he had concerns about monitoring and enforcement and consumers' awareness of CoPs. He proposed a meeting with Ofcom to discuss what Ofcom would be doing to ensure that the CoPs were working. He and Dominic Ridley would report further at the next Panel meeting. In May there would be a meeting with Ofcom to discuss universal service in advance of Ofcom's statement and an Ofcom workshop to discuss the accessibility of its website.

14th Ofcom Consumer Panel meeting, 19 April 2005

Date of the next meeting

23. The next meeting would be held on 17 May 2005 at Ofcom in London.