

NTS: Options for the future

Formal Advice Note from the Ofcom Consumer Panel, 22 July 2005

1. This advice is provided after consideration of the *NTS: Options for the Future* briefing paper prepared for the Panel by the NTS team, and following a briefing from [REDACTED] and [REDACTED]. The Panel discussed its position on the latest proposals at its meeting on 21 July.

General comment

2. We welcome the careful research and more penetrating analysis that underpins the proposals that have now been developed. Lack of such research was a criticism we had of the previous proposals and we are pleased that those concerns have been addressed.

Legitimacy of NTS as a payments mechanism

3. We do not believe that revenue sharing on 08 should be stopped. But we continue to believe that revenue sharing is inappropriate when a consumer is locked in to using a particular number. We maintain that Ofcom could do more than it is doing to exercise persuasion in this area (see below)

Revised proposals

Changes to pricing and interconnection arrangements

4. The arrangements proposed are clearly complex. We question whether such complex arrangements are consistent with increasing consumer awareness and would urge Ofcom to consider whether a simpler transition could be developed.

Pricing transparency measures

5. We agree that it is absolutely essential to increase consumer awareness of the actual cost of revenue sharing numbers and note the proposals put forward by the project team. We have specific queries and comments on aspects of the awareness proposals:

a. Placing of further obligations on ICSTIS

How will Ofcom satisfy itself that ICSTIS is properly resourced and organised to carry out these responsibilities? We believe that there must be certainty on this point before any transfer of responsibilities.

b. Amendments to General Condition 14

The Panel would like to understand what proposals Ofcom has to enforce this revised General Condition – such measures are ineffective unless backed by appropriate enforcement.

c. Restricted use of chargeable numbers

The Panel continues to regard Ofcom's stance on this as weak. We understand the limits on Ofcom's statutory powers. But we believe that Ofcom could do more to exercise public pressure - e.g. by public pronouncements – in support of the enforcement of the COI guidelines in this area.

Pre-announcement of call charges

6. We do not agree with the conclusion that pre-announcement of call costs would be excessively high in relation to the (seemingly unknown) benefits. We are concerned that the argument advanced, which seems to rest on a cost-benefit

analysis of which only one part – the costs to industry – is quantified, is not fully worked through. We also question whether the correct inference has been drawn from the consumer research.

7. After discussion with Ofcom officials, we recommend that Ofcom should consider a market solution to this problem i.e. by exploring whether a product that enabled consumers to opt in to price information at the beginning of a call is both technically feasible and would actually be paid for by consumers to the extent necessary to warrant the investment by operators. We have been advised that such a product could be developed most readily as part of 21CN development. We recommend that a research programme to test consumer desire for this service be carried out.