



COMMUNICATIONS OUTLOOK 2001
Telecommunications Section

Country: UNITED KINGDOM
Date completed: 20 September 2000

TELECOMMUNICATIONS

Market Structure and Regulatory Status (Questions 1 -10)

- 1. Please provide details of the regulation of communication infrastructure, including the public switched telecommunication network (PSTN), provision in your country.**

Infrastructure provision for following service	Regulatory Status (e.g. monopoly, duopoly, certain number, fully open to any applicant)	Number of licensed operators (2000)
Fixed PSTN (Local, National and International) (includes both PTO and ISVR/IF operators since Sept 1999 under Licensing Directive)	Fully open	487
Network infrastructure capacity (Includes only companies not licensed to provide voice services)	Fully open	5
Analogue Cellular Mobile (e.g. NMT etc.)	Fully open	2
Digital Cellular Mobile (e.g. GSM, PCS etc.)	Fully open	5
Wireless local loop (fixed wireless)	Fully open	3
IMT-2000 Operators (i.e. UMTS and 3 rd Generation)	N/A (Spectrum auction just completed)	

- 1. Please provide details for the major public telecommunication operator (PTO) of public switched telecommunication services in your country. (PTOs are state and privately owned entities providing public switched telecommunication services over their own infrastructure)**

Name of PTO	PTO Ownership Status (2000) (e.g. state owned/private owned) If a balance of ownership exists please indicate the share (%) held by the government
BT	Privately owned
NTL	Privately owned
Telewest	Privately owned
Cable and Wireless	Privately owned
Kingston Communications	Privately owned

1. Please provide details of market share for the largest PTO in the following categories.

	The largest PTO's share	
	End 1998	End 1999
Local Access: % of access lines	85.7	84.6
Local Access: % of local calls	78.6	75.1
National Long Distance (% of total minutes) ¹	69.3	66.6
International (% of total outgoing MiTT)	48.4	45.4
Internet Subscribers ²		

1. If % of minutes is not available, please indicate the % of revenue

2. If share of subscribers is not available, please indicate number of Internet subscribers for the PTO.

1. Please provide details of the number of subscribers by cellular and PCN mobile communication operators.

Name of Operator	Number of Subscribers (End 1999)
1.Vodafone	7.9 million
2.BT Cellnet	7.0 million
3.one2one	4.2 million
4.Orange	4.9 million
5.	

1. Please provide a description of the most significant recent policy changes affecting the provision of telecommunications services, as well as any draft laws, or regulatory proposals to be implemented in 2000 to 2001.

--

1. Please provide a brief description of the responsibilities of the national regulatory authorities for public telecommunication services. Please highlight any changes over the last 12 months.

Please provide details:

DTI- The relevant UK Government that sets the regulatory framework

- The Secretary of Trade and Industry appoints the Director General of OFTEL
- The DTI issues licences

OFTEL's Functions are:

Under the Telecommunications Act 1984, OFTEL has a number of functions. Briefly these are:

- to ensure that licensees comply with their licence conditions
- to initiate the modification of licence conditions either by agreement with the licensee or, failing that, by reference to the Monopolies and Mergers Commission (MMC) together with the Director General of Fair Trading to enforce competition legislation – under both

the Fair Trading Act 1973 and the Competition Act 1980 – in relation to telecommunications

- to advise the Secretary of State for Trade and Industry on telecommunications matters and the granting of new licences
- to obtain information and arrange for publication where this would help users
- to consider complaints and enquiries made about telecommunications services or apparatus

The duties of the Director General of Telecommunications are:

Under the Act, the Director General has a duty to carry out these functions in a way which he considers will best:

- ensure that telecommunications services are provided in the UK to meet all reasonable demands for them (this includes emergency services, public call boxes, directory information services and services in rural areas)
- ensure that those providing services are able to finance them
- promote the interests of consumers
- maintain and promote effective competition
- ensure that those providing services are doing so efficiently
- promote research and development
- encourage major users of telecommunications services located outside the UK to establish businesses here
- enable UK-based telecommunications companies to compete effectively overseas

OFTEL has recently acquired new powers to enforce competition legislation under the Competition Act 1980 in relation to telecommunications.

- 1. Are there any foreign ownership, size of shareholding or other ownership restrictions on individuals and corporations investing in the incumbent PTO(s) in your country? Yes/No**

No

- 1. Are there any communication infrastructures or services (e.g. mobile, cable television, terrestrial broadcasting, satellite broadcasting) that PTOs in your country are not permitted to provide directly? In addition, please specify any restrictions on PTOs investing in companies that provide such infrastructure or services. Please include information on requirements by the incumbent PTO to divest cable networks.**

Please provide details:

PTOs are not permitted to provide or convey broadcast entertainment to homes which are currently within a cable franchise area.

PTOs may not provide Conditional Access services for the transmission of television signals.

PTOs may not provide mobile services except where they have secured radio spectrum through an open and transparent competitive process.

PTOs currently need to apply for separate International Facilities Licence to provide international services over their own facilities.

- 1. What selection procedures are used to grant licences for new Wireless Local Loop (WLL) and IMT-2000 services? (e.g. spectrum auctions, calls for tenders, government appointments, licence on request)?**

Please provide details:

Applications for licences should provide details of: the service proposed -- voice, data, value added services etc., the arrangements for interconnection with other systems, geographical coverage anticipated start date for services etc.

Also, the technical and operational configuration of the system should be explained fully. The marketing strategy and summary business plan should also be included.

The granting of radio spectrum is the responsibility of the UK Radio-communications Agency (RA). Spectrum is allocated by spectrum auctions.

- 1. Under the communication regulation existing in your country how would national and international voice telephony services provided over the Internet, by entities other than a PTO, be defined and treated? Please mention any restrictions or obligations that may apply.**

Please provide details:

It is likely that Internet traffic would be treated as a form of resale

Pricing (Questions 11 -12)

- 1. What, if any, conditions are applied to the tariffs set by PTOs? (Please include any price control information such as price caps or approvals and specify for which services they apply).**

Please provide details:

PTOs are free to set their own retail tariffs (subject to general legislation and competition law). However, the incumbent (BT) is subject to a price control set at RPI-4.5% with the control being focused on the bottom 80% of residential customers by expenditure. The services included in the price control basket are line rental and local, national and international calls. BT has pricing discretion within the price control basket, as long as it meets the overall price control requirement.

Additionally, BT is obliged to provide twenty-eight days' notice of retail price changes unless a service is deemed competitive. A competitive service is subject to one day's notice. The notification requirement allows other operators to introduce competitive responses to BT price changes. BT does not need to seek prior approval for price changes.

- 1. If communication discount schemes are available in your country please provide information on one or more popular schemes applicable to low users and dial-up Internet access users from the incumbent PTO.** In the space below please indicate the main features:

Residential User Discount Scheme:

BT offer schemes such as Friends and Family where discounts are given to 10 selected numbers, and premierline /option 15 which give discounts on calls to high users for payment of an option fee. Other companies run special offers from time to time and give other benefits such as free local calls.

Internet Access Discount Scheme:

BT and cable companies offer special deals for schools. These offer low, and in some cases zero, connection charges and fixed annual charges for line rental and calls. The aim is to offer schools affordable and predictable rates for access to the Internet.

Low User Scheme

BT offer a light user scheme which gives low users a discount on their line rental of up to 60 %.

BT In Contact

Customers on the scheme will pay a low fixed charge of £9.25 a quarter including VAT, plus a one-off joining fee of £9.99 including VAT. The service is targeted at customers who currently are not on the telephone or who are on the telephone but find the standard charges difficult to afford

(Additional pamphlets from the PTO in English or French, or with the main points translated into one of these languages, would be most appreciated. Please provide data in local currency).

Note: Low user schemes is a term sometimes applied by PTOs to schemes designed for segments of the community that are financially disadvantaged. A dial-up Internet user refers to a consumer accessing the Internet via a PC with a modem over the local public switched telecommunication network.

Numbering/Domain Names (Questions 13 - 14)

- 1. Please describe the numbering policy in your country. Please mention the responsible authority and whether portability (including geographic portability) has been introduced and for which services (e.g. 800 numbers, cellular numbers, local PSTN numbers).**

Please provide details:

The National Numbering Scheme developed from a review of numbering capacity carried out by OFTEL and the industry in the late 1980s. A plan was agreed to move towards a 10digit scheme which would expand numbering capacity in the UK tenfold from the previous 9digit scheme and meet future market demands.

During this process, in 1994, OFTEL took over full responsibility from BT for numbering administration which thereby became wholly independent of any individual operator.

OFTEL began the review of the National Numbering Scheme in October 1995 and after a period of consultation published a statement in 1997 putting in place a structure - set out below giving the new number ranges and uses. The new scheme is more meaningful for customers and also provides greater flexibility to meet future demands for numbers.

- 01 Geographic
- 02 Geographic
- 03 Future Geographic
- 04 Spare
- 05 Spare
- 06 Spare
- 07 Mobile, Personal Numbering, Paging
- 08 Specially Tariffed Services (eg freephone)
- 09 Premium Rate

OFTEL is the National Regulatory Authority responsible for administering the Numbering Scheme and makes allocations and reservations of numbering capacity from the scheme.

Portability has been introduced in the fixed market for Geographic 01 and 02 ranges, and in the non geographic ranges: 07 mobile and personal range, 08 special tariff range and the 09 premium rate range. Paging is still outstanding.

- 1. Which organisation is responsible for the administration of your Internet country code top level domain names.** (An example of a country code top level domain name is .be for Belgium). Please provide any details of any recent policy initiatives relating to country code domains.

Please provide details:

OFTEL does not administer Domain names in the UK. The company which does is called Nominet and can be contacted on +44 1235 525322

Interconnection (Questions 15)

1. Interconnection between fixed networks.

	Yes /No	Details
Are PSTN interconnect or access charges a matter for commercial agreement between operators? And if so, is there provision for arbitration and by whom?	Yes and No	The charges for operators with Significant Market Power have to be cost orientated. The initial charges for the incumbent have been set by the Regulator. Otherwise, interconnection charges are commercially agreed although there has been an industry agreement that they will be reciprocal based on the incumbents charges. The legislation allows for the Regulator to determine the outcome of telecomms disputes.
Is there a requirement on the incumbent to publish the rate for PSTN interconnect or access charges?	Yes	The incumbent must publish a Reference Interconnect Offer
For the purpose of establishing interconnect or access charges is accounting separation used?	Yes	The incumbent (BT) is required to maintain not only accounting separation but the derivation of the costs of the components of interconnect services. This requires the publication of both high level and detailed descriptions of BT's accounting and valuation methodologies so that the processes used for the derivation of these costs is transparent.
Once the interconnection or access charge of the incumbent has been established, is it available as a standard rate for other service providers (including other PTOs and resellers)?	Yes	Under the principle of non-discrimination, the incumbent, BT, is required to charge all those entitled to interconnect (as defined by Annex II of the EC Interconnection Directive) on the same basis. Resellers who are entitled to Annex II status will thus receive the same rates as PTOs.
Does regulation specify that competitive service providers can collocate facilities on the same site as incumbent PTOs? (Please indicate whether resellers and Internet Service Providers can collocate equipment under the same terms and conditions as PTOs without being designated as a PTO?)	No	Resellers and ISPs are entitled to request special network access including collocation and these requests will be considered on a case by case basis. There is no right of collocation.
What kind of interconnection accounting methodology (e.g. LRIC, FDC, etc.) is used for calculating the incumbent's interconnection charges?	Total service LRIC	
Is carrier pre-selection implemented? If so, please describe the coverage of carrier pre-selection (e.g. local, long-distance and international).	Yes	All calls available using an interim solution from April 2000

1. Fixed to Mobile Network Interconnection

	Details
Are termination rates to mobile networks published?	No. But mobile operators with significant market power must make copies of interconnect agreements available on request.
How are the termination rates for fixed-to-mobile calls determined in your country (e.g. commercial negotiated between operators, determined by mobile operator or other)?	In principle, charges for fixed to mobile calls are established by commercial negotiation. However, the termination charges for the two largest mobile operators have been set by the UK Competition Commission and are subject to price cap of RPI-9
Are these rates subject to any regulation (e.g. must they be cost orientated if operators have significant market power)?	As stated above, the Competition Commission has set the termination charges of SMP mobile operators. There is no specific regulatory requirement for them to be cost orientated.

Unbundling (Questions 17 -18)

1. Please describe initiatives for local loop unbundling and indicate when unbundling policies were put in place or the expected date of implementation.

Please provide details:

In April 1998 OFTEL began a process of consultation on bringing higher bandwidth services to the consumer

As a result, in March 2000 OFTEL proposed a new Condition to British Telecommunication's (BT) operating licence that was accepted by them in April. The licence condition obliges BT to provide individual telephone lines to other operators, allows the co-location of equipment by operators in BT's local exchanges and requires BT to provide the necessary support to enable operators to deliver their service direct to customers using BT's lines.

The condition also enables the Director General of Telecommunications to set the price for unbundled loops and to resolve any disputes over the provision of local loops and associated services.

1. Please provide the prices for access to unbundled local loops and specify the service on offer (e.g. raw copper, DSL subscriber line).

Please provide details:

BT has not yet produced a final set of charges for their unbundled loops. However, OFTEL has recently consulted on an indicative set of charges from BT and is currently considering the responses. OFTEL will be publishing determination on BT's indicative charges in December this year.

BT is required to offer the following to its operators:

Raw copper to a specified standard (relevant charges will include the price of the copper loop, system set-up and on-going charge for order handling) Internal tie cables Co-location facilities (rental - annual charge £105 per line, set-up and maintenance) or external tie cables Any other ancillary services to these products.

Consumer Issues (Questions 19 -20)

	Details
<p>In the context of universal service policies, which elements of telecommunication service are considered as part of universal service in your country?</p>	<p>OFTEL established the level of universal telecommunication service for the 4 year period from 30 September 1997 to 29 September 2001 (subject to a mid-term review currently being undertaken by Oftel) as consisting of the following services:-</p> <ul style="list-style-type: none"> • connection to the fixed network able to support voice telephony and low speed data for fax transmission at geographically averaged prices; • the option of a more restricted service package at low cost; • reasonable geographic access to public call boxes across the UK at affordable prices; • access to 999/112 services free of charge, access to operator assistance and directory information • the option of itemised bills, selective call barring, outgoing calls barred/repayment plan as alternative to disconnection for non-payment
<p>Please provide details of any explicit funding mechanism for addressing universal service and its coverage (this can include initiatives related to infrastructure in respect to addressing digital divide issues).</p>	<p>There is no funding mechanism at present in the UK. The costs are borne by the USO providers, namely BT and Kingston Communications, in their respective areas. Any extra costs of providing universal service is passed on to BT and Kingston's customers. In 1997 and 1999 OFTEL concluded that there was no demonstrable burden on BT as a result of its USO thus the question of funding did not arise. If appropriate this position will be reassessed at some future date. Any reassessment would need to take account of the implications of the ADSL roll-out, growth in Internet traffic, growth of mobile telephony, local loop unbundling, carrier pre-selection and calls and access.</p>
<p>Is the cost of providing universal service calculated? If so please provide the latest annual costing.</p>	<p>The latest estimates by Oftel (1999) are that the estimated benefits to the universal service provider amount to around £61 million per annum (taking into account lifecycle, ubiquity, brand image and advertising opportunities on uneconomic payphones). The overall costs were estimated at between £53 million and £73 million (taking into account the costs of serving uneconomic areas, uneconomic customers and uneconomic payphones). The net costs is therefore estimated at £12 million and the estimated net benefit at £8</p>

	million.
What percentage of telephone subscribers do not have access to an Internet service provider's point of presence with a local call?	
What is the average monthly online time for a subscriber to the largest PTO's Internet access service (e.g. number of hours).	
What is the average household consumption expenditure of telecommunication services in your country? Please provide the data in local currency and specify the year of the survey. Please indicate which of the following telecommunications services are included or excluded -- fixed PSTN services, cellular mobile services and Internet access -- or provide a definition of the indicator used in your country.	The average expenditure for telecommunication services in 1998/99 was £29.47. This includes fixed PSTN, cellular mobile services and Internet.

1.

	2000(End)	2001	2002	2003 (End)
Please report any estimates of the potential coverage of access lines with DSL by the end of the following years (This is a estimate of the % of total population covered)	39%			75%