LORD YOUNG ANNOUNCES PLANS FOR NEXT GENERATION OF CORDLESS TELEPHONES

Plans for a new type of telephone service were announced today (28 July) by Lord Young, Secretary of State for Trade and Industry.

The new service, called Telepoint, allows a subscriber to make telephone calls from public places using a portable cordless telephone handset. The Government's plans will allow up to four operators to provide Telepoint services.

In answer to a written Parliamentary Question from Lord Gray of Contin, Lord Young said:

"Telepoint services are an interesting new development with the potential to add to the variety and convenience of telecommunications facilities available to the public. After consultation with the Director General of Telecommunications we have decided that these services should be licensed so that their worth can be tested in the market.

"In the first instance we propose to authorise at least two and up to four operators to provide Telepoint services. Since more than four organisations have already expressed a potential interest in providing such services we shall if necessary ask the Director General to advise which applicants to authorise. This will be on the basis of applications which will be invited later this summer against detailed criteria which we shall announce.

"The public telecommunications operators will be amongst those eligible to apply and I anticipate that BT and Mercury (and in Hull area Kingston Communications in place of BT) will wish to offer Telepoint services though it will be for them to convince the Director-General of Telecommunications of the case for this.

"Other applicants if successful will operate under the provisions of a new type of telecommunications licence which my officials are starting to prepare. The public telecommunications operators, if successful in their applications, will also operate their Telepoint services under the new licences to ensure that competition between all Telepoint operators is on a generally fair and equitable basis. The Director General of Telecommunications will be considering whether amendments to the PTO licences are necessary to ensure this."
“In licensing these new services we wish to be sure that the market is given every chance to develop but amongst the licence conditions which will apply will be ones to ensure that directory information, emergency call facilities and information on the price of calls can all be available. Such requirements help safeguard the public good. There will also be conditions governing the technical specifications of the equipment used. The achievement as soon as possible, if not from the outset, of a common air interface allowing the user a choice of equipment is essential. The related issues of openness of site access and the ability of the user, on appropriate contractual terms, to use his headset at the Telepoint base stations of all operators will also need to be addressed. Again we regard the achievement of this facility at a relatively early date as highly desirable. It does however raise complex issues of billing and credit verification which will need to be considered in conjunction with the public telecommunications operators. Metering is a further aspect which may also need to be addressed. More information on these and other aspects will be available when applications for the licences are invited.

“We do not, at least at this stage, envisage the providers of ordinary Telepoint services being granted the status of public telecommunications operators. Nor will they have applied to them the powers in the Telecommunications Code. This means that we expect the full range of normal planning controls to apply to these Telepoint activities. The same will hold true for the public telecommunications operators in respect of any Telepoint services that they may be authorised to supply. However, the roll-out of the base station infrastructure will be critical to the successful development of Telepoint services on a nationwide basis and, if the absence of Code powers turns out to cause genuine difficulties, we shall be prepared to look at this point again.

“Telepoint services will operate at frequencies allocated to cordless telephones and will conform to the same radio specifications. They will therefore be covered by the same arrangements for exemption from licensing under the Wireless Telegraphy Act as normal cordless telephones.

“Telepoint is distinct on the one hand from cellular radio telephony and from conventional public callbox services on the other hand though it has some features in common with both. In particular we do not see Telepoint as a substitute for conventional public callbox services in the foreseeable future. There is no reason to expect the introduction of Telepoint to have an adverse impact on public callbox services, effective competition in which both the Government and the Director-General are anxious to increase. Over the much longer term, however, as the build up of Telepoint services develops, it could be that the relationship between Telepoint and conventional public callbox services will need consideration. The Director General of Telecommunications has told me that he intends to keep this aspect under active review as the new services are developed.

“These new services should help to create and develop completely new markets. Interesting and potentially far-reaching possibilities can be foreseen. Combining Telepoint and paging facilities, so as to permit incoming as well as outgoing calls, is one example. More fundamentally longer term developments based on Telepoint or similar radio link approaches hold out new possibilities for increasing competition in the final part of the local telecommunications loop which connects subscribers to their local exchange. These could bring Telepoint type devices right
into the home or office, so offering a subscriber not just the normal Telepoint service in public places, but the possibility of mobility in the home or office and incoming and outgoing services competing with services over normal fixed exchange lines. This longer term augmented types of service raise different and more complex issues which my officials and those from the Office of Telecommunications will be exploring with the public telecommunications operators and others in the months ahead to see how, within the bounds of existing policy and spectrum constraints, the potential may best be developed.

"Lastly, because Telepoint is new and the desirable future pattern of development will only become clearer with experience, it is important that regulation should not artificially constrain or divert its progress. For example, it seems likely that Telepoint services could develop on a Pan-European basis within the foreseeable future. For all these reasons we need to retain an adequate flexibility of response with the proposed licensing regime. The Director General has agreed to keep the position on Telepoint services under review so that modifications and adjustments to the Telepoint licensing regime may be made as necessary to allow the new services to fulfil their potential to the full."

NOTES FOR EDITORS

1. The development of this new addition to existing telecommunications facilities has come about as a result of work carried out over the past few years by a number of British companies into improved cordless telephones.

2. Cordless telephones currently on the market, known as CT1 ("first generation cordless"), are based on analogue technology. Their performance is limited and they are mainly sold as a consumer product for domestic use. The cordless telephones on which Telepoint will be based use digital technology, and are known as CT2 ("second generation cordless"). A cordless telephone has two units: a portable handset and a base-unit. The base-unit is connected, just like an ordinary telephone, to the public telephone network. The handset is connected to the base-unit by short-range radio.

3. In a Telepoint system, subscribers will carry a handset and the operators will provide base-stations in public places, connected to the public telephone network. A Telepoint subscriber who comes within radio range of a base-station will be able to make telephone calls over the system. Such a system has now become possible because of the improved capabilities of the CT2 technology. In the longer term, radio technology is also applicable to possible further developments of Telepoint. They would offer subscribers a service which enables them to use their handsets at home and in the office as well as in public places. The service would be provided to homes and offices via neighbourhood Telepoint-like base-stations, each offering a radio link to adjacent premises.
Regulatory Background

Under the Telecommunications Act 1984 all telecommunications systems fall to be licensed by the Secretary of State for Trade and Industry. Before issuing licences he must first consult the Director General of Telecommunications. Mainstream telecommunications services are provided by the two duopolists, BT and Mercury. However, their existing Public Telecommunications Operators licences, which give them both privileges (including Telecommunications Code powers) and obligations, do not cover the running of Telepoint services. So they too, like any other potential operator, would need to apply for a licence before they could provide Telepoint services.

Under the Wireless Telegraphy Act 1949 no radio apparatus may be used without a licence issued by the Secretary of State. However, the Act also provides powers to exempt specific categories of apparatus. CT1 apparatus which conforms to the proper specification is exempt. The Department intends to lay before Parliament an order to exempt CT2 apparatus which complies with the proper specification.

Pan-European System

The Radio Equipment and Systems (RES) working group of CEPT, the joint organisation of European telecommunications authorities, is discussing standards and specifications for a pan-European Telepoint system. In November it is planned to transfer the work programme to the newly established European Telecommunications Standards Institute. On current estimates the programmes is not likely to result in a pan-European Telepoint service before 1992-93.

The Telepoint plus Concept

Telepoint allows a subscriber to make outgoing calls in public places. If the subscriber also has a conventional base-unit for cordless telephones at home, it is possible to make or receive calls at home, using a Telepoint handset plus a base unit as a simple cordless telephone. But in a Telepoint Plus system, this domestic facility would also be offered by the system provider. The user would not need to buy a separate base-unit for the home. Instead the handset would be linked by radio to a Telepoint Plus base-station nearby, able to serve a number of homes. The base station would offer the facility of incoming calls to the residential subscribers it serves and thus allow them both to make and to receive calls at home, so augmenting the basic Telepoint service. A similar Telepoint Plus service could be provided in office premises.

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