

Ofcom: Review of fixed call origination and termination markets 2016-10:
Call for Inputs
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FCS Response – 13 May 2015

Contact for response:
Catherine Gerosa

Tel: 020 7186 5431
E-mail: cgerosa@fcs.org.uk

Introduction

The [Federation of Communication Services](#) is the UK trade association for the professional communication services sector. Our 400 members and associates deliver voice and data functionality and services to business and public sector users by means of copper, fibre and radio transmission infrastructures. We are pleased to have the opportunity of responding to this Ofcom Call for Inputs and are grateful to have had the opportunity of a preliminary discussion with Ofcom about the programme leading to the final statement in September next year.

Overview

We note that the 2013 Narrowband review has been successful in maintaining the level of competition required by the market. The FCS raised concerns about some specific outcomes at that time (Carrier Pre-Select and Fixed Termination Rates) but these were addressed in the course of the review and we are not aware of any particular issues experienced by our members as a result of that review.

In replying to the last review, the FCS suggested that voice should be considered across fixed and mobile, with the same constraints imposed (or removed) on both. Whilst we accept the boundaries of this review, we would still welcome a more horizontal approach to markets, rather than the current “technology silos” approach.

Our members’ experience suggests the outputs of the 2013 review have proved fit for purpose in the context of the current market. Our principle concern for this review is that it should be fit for purpose for the changed market dynamics of the next three years.

In particular, we question whether the current regime is fully able to reflect the decline of voice and comparative growth of data calls. Digital voice and data can be offered with equal efficacy over both fixed line and mobile platforms, and care should be exercised to avoid distorting the market for one delivery mechanism to the advantage or detriment of the other. This is especially important given the nascent ‘Voice Over Wi-Fi’ and ‘Voice Over LTE’ models.

Answers to Ofcom’s questions

1.1 Do you agree with the proposed scope of this review, in particular the focus on wholesale call origination, wholesale call termination and interconnection?

We agree with the decision to narrow the scope of this review, due to the changed position on retail fixed voice markets and single transit markets. Under the scope proposed, Ofcom has an opportunity to take a view on whether to simply maintain the status quo, or whether to change the current position by moving towards further deregulation.

2.1 Do you have any comments or views (supported by evidence where available) on the issues identified with respect to wholesale call origination?

The fact that the EU has removed wholesale call origination from the list of markets requiring ex ante regulation is significant, and would seem to point towards serious consideration of deregulation. Ofcom’s exercise to test the market against the three-criterion test begs the question of which way it will move if the test is met. This would give Ofcom the ability to set ex ante regulation, but this could be out of step with other European markets.

We welcome Ofcom’s decision to consider the potential differing outcomes for residential and business end-users as part of this review.

2.2 Do you think there are other issues we should be considering with respect to wholesale call origination? Please provide evidence where available to support your comments.

We do not have other issues at this time but would hope in due course to be able to supply evidence from our members on any potential unintended consequences for businesses should deregulation occur.

3.1 Do you have any comments or views (supported by evidence where available) on the issues identified with respect to wholesale call termination?

We note that the a charge control has been imposed on CPs in mobile termination and that this is something that may be considered for fixed CPs. To follow our equivalence argument above, we would support Ofcom should it take this approach.

3.2 Do you think there are other issues we should be considering with respect to wholesale call termination? Please provide evidence where available to support your comments.

We have no further issues at this time.

4.1 Do you have any comments or views (supported by evidence where available) on the issues identified with respect to interconnection?

With the growth outlined by Ofcom in VoIP calls, we believe that any remedies imposed should apply to IP connectivity as well as traditional TDM. Given the importance of access to the network we think it preferable that remedies continue to be imposed on BT and KCom.

4.2 Do you think there are other issues we should be considering with respect to interconnection? Please provide evidence where available to support your comments.

We have no other comments at this time.

Conclusion

The FCS understands that there will be a consultation on the wholesale call origination market in September this year, followed by a full consultation in February 16 and looks forward to contributing to those having had more time to seek detailed views from our members.