



OFCOM'S CONSULTATION DOCUMENT "Service Charge Caps for 09 & 118 Services"

RESPONSE BY BRITISH SKY BROADCASTING GROUP PLC

19 September 2012

1. This is the response by British Sky Broadcasting Group PLC ("Sky") to Ofcom's consultation on "Service Charge Caps for 09 and 118 Services: Consultation on maximum Service Charges for PRS and Directory Enquiry services in the unbundled tariff regime" (the "Consultation").¹
2. Sky is in broad agreement with Ofcom's proposed approach to determining the charge caps for Premium Rate Services (PRS) and Directory Enquiry (DQ) services. Sky is also in broad support of Ofcom's proposed reforms of the Non Geographic Call Services (NGCS) market and the introduction of the unbundled tariff regime. In that context, it makes sense to have charge caps on the Service Charge (SC) and also to limit the number of price points on offer to the public at any one time. Both will contribute to the orderliness of both the wholesale and retail markets, facilitating transparency and pricing certainty, which will be beneficial for consumers.
3. While Sky approaches consideration of the issues raised in Ofcom's consultation primarily as an Originating Communications Provider (OCP) with a large and growing customer base of residential consumers, Sky also offers both PRS and DQ services via 09 and 118 numbers.

Specific price cap proposals

4. Different price per call (ppc) and price per minute (ppm) caps: Sky support Ofcom's proposed approach to set different caps permitting the setting of the service charge either as a price per minute or a price per call. For the same pragmatic reasons that the two different charging regimes (ppm and ppc) lend themselves to the payment for different types of services, Sky has proposed that OCPs should be permitted to set their access charge (AC) as both a ppm and ppc. Ofcom's proposal to permit both ppm and ppc for SCs but not permit an OCP to offer both is inconsistent.

¹ Ofcom consultation, "Service Charge Caps for 09 and 118 Services: Consultation on maximum Service Charges for PRIS and Directory Enquiry services in the unbundled tariff regime", 25 July 2012, <http://stakeholders.ofcom.org.uk/consultations/service-charge-caps/>

5. Maximum price per call: Sky support Ofcom's proposal for an increase in the current price cap and for the reasons stated, to limit that price rise to an amount of about £5 rather than a higher amount.
6. Maximum price per minute: Sky support Ofcom's proposal for an increase in the current price cap and for the reasons stated, to limit that price rise to an amount of about £5 rather than a higher amount.
7. Annual uplift for the price caps: Sky support Ofcom's proposed approach of not building in an automatic annual uplift to the price caps based upon inflation. As Ofcom note, a review of the price caps may be undertaken at any time and it is better that any price rises to the cap be considered in an open consultation.
8. Exclude VAT from the price cap: Sky support Ofcom's proposed approach as being cleaner and more transparent. It should also be noted that it is the price cap that is proposed to be ex VAT, not individual SCs. The actual SC charge chosen by the TCP/Service Provider and promoted to consumers, can be set at whatever price is deemed by them to make sense and may be to the whole pence including VAT.
9. Application of other consumer protection measures: For the reasons stated, Sky support Ofcom's proposed approach of not needing to overlay the unbundled tariff approach and setting of SC price caps with additional consumer protection measures.
10. Implementation by way of a new or modified General Condition (GC): Sky support Ofcom's proposed approach.
11. Timing of the implementation: Sky support Ofcom's proposed approach and consider that all changes relating to the NGCS market and numbering need to be implemented collectively and in as expeditious a manner as possible.