

Ofcom Annual Plan 2005/6: Consulting our Stakeholders

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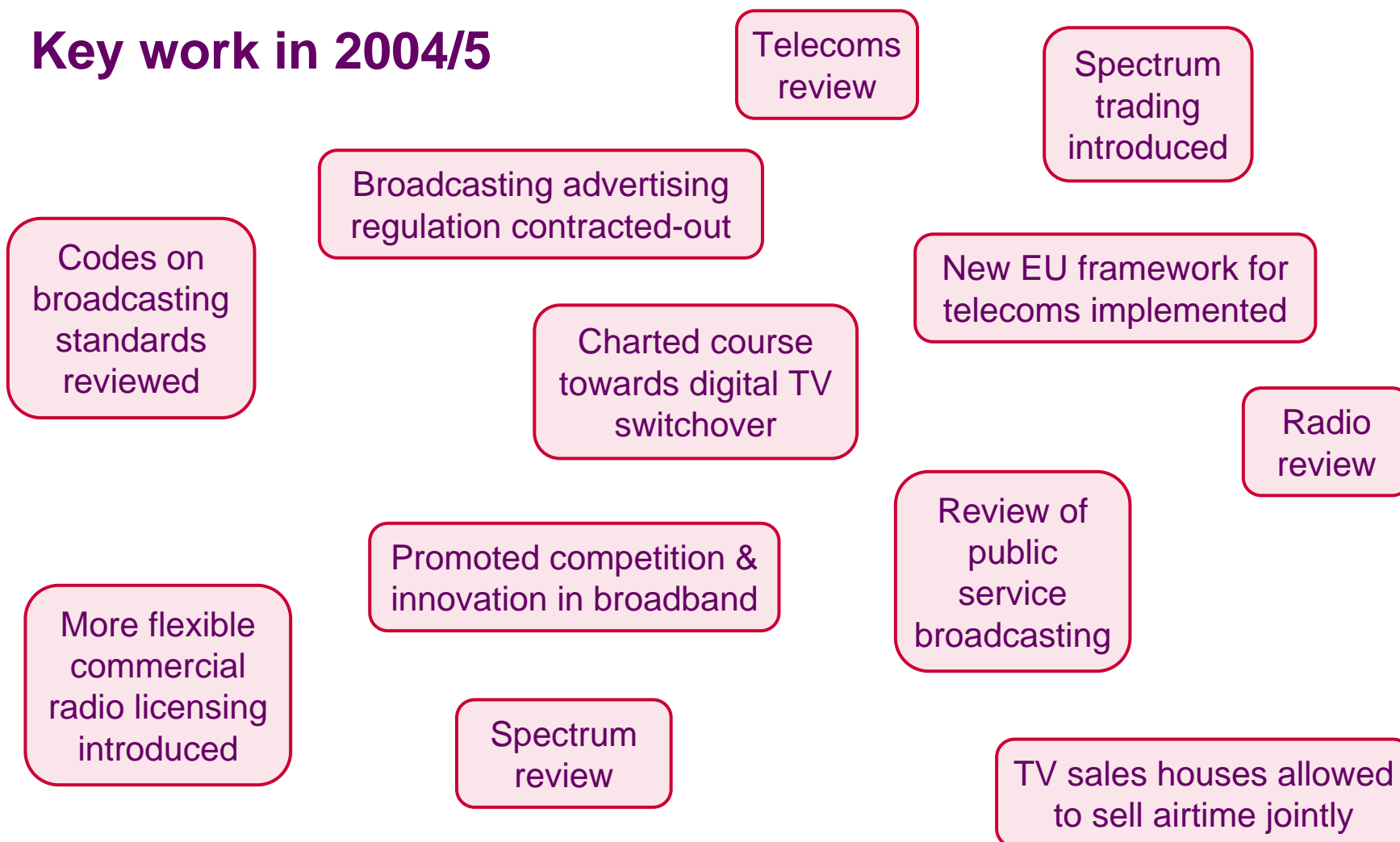
Objectives for today

- Report on progress so far
- Set out our overall framework for next 3 years
- Explain our main priorities for 2005/6
- Find out your views

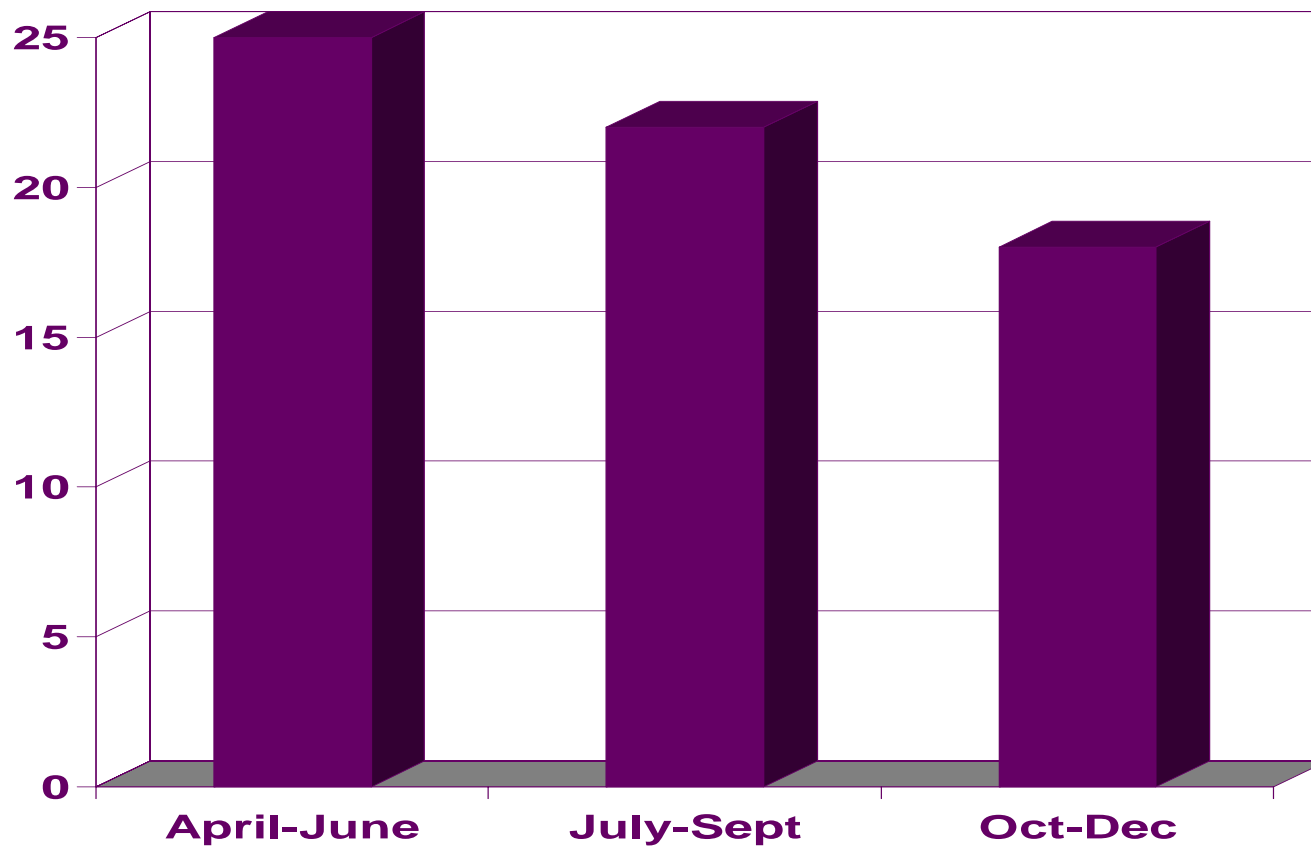
Two years on, one year in

- Two years ago – began preparing for Ofcom
- One year ago – brought five regulators together
- Now have the right skills and experience
- Good value for our stakeholders:
 - 25% fewer staff
 - 2004/5 budget 5% lower than predecessors on like-for like basis
 - Further 5% cost reduction during 2004/5
- Will continue to be an RPI – X regulator

Key work in 2004/5



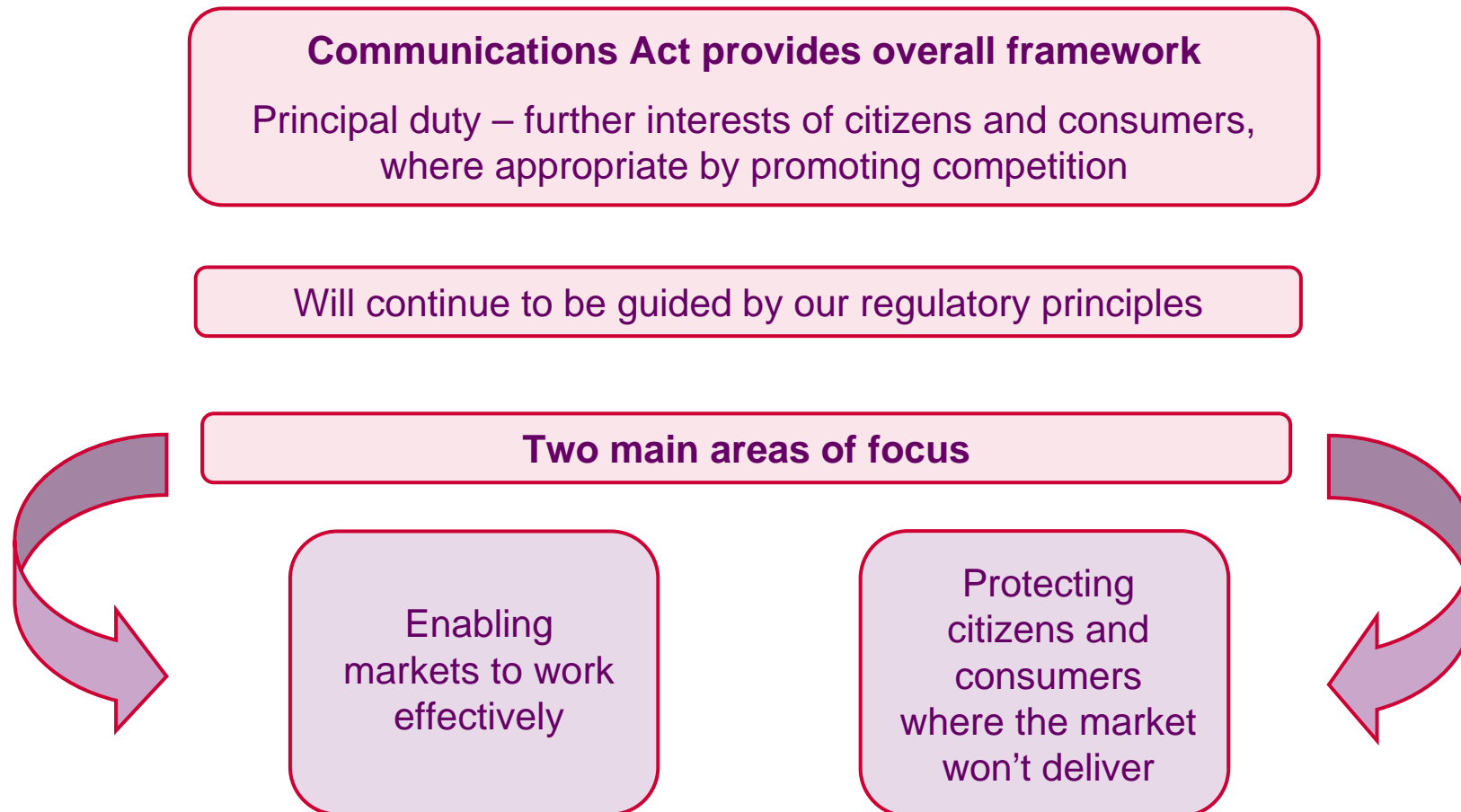
Major consultations in 2004/5



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Overall framework



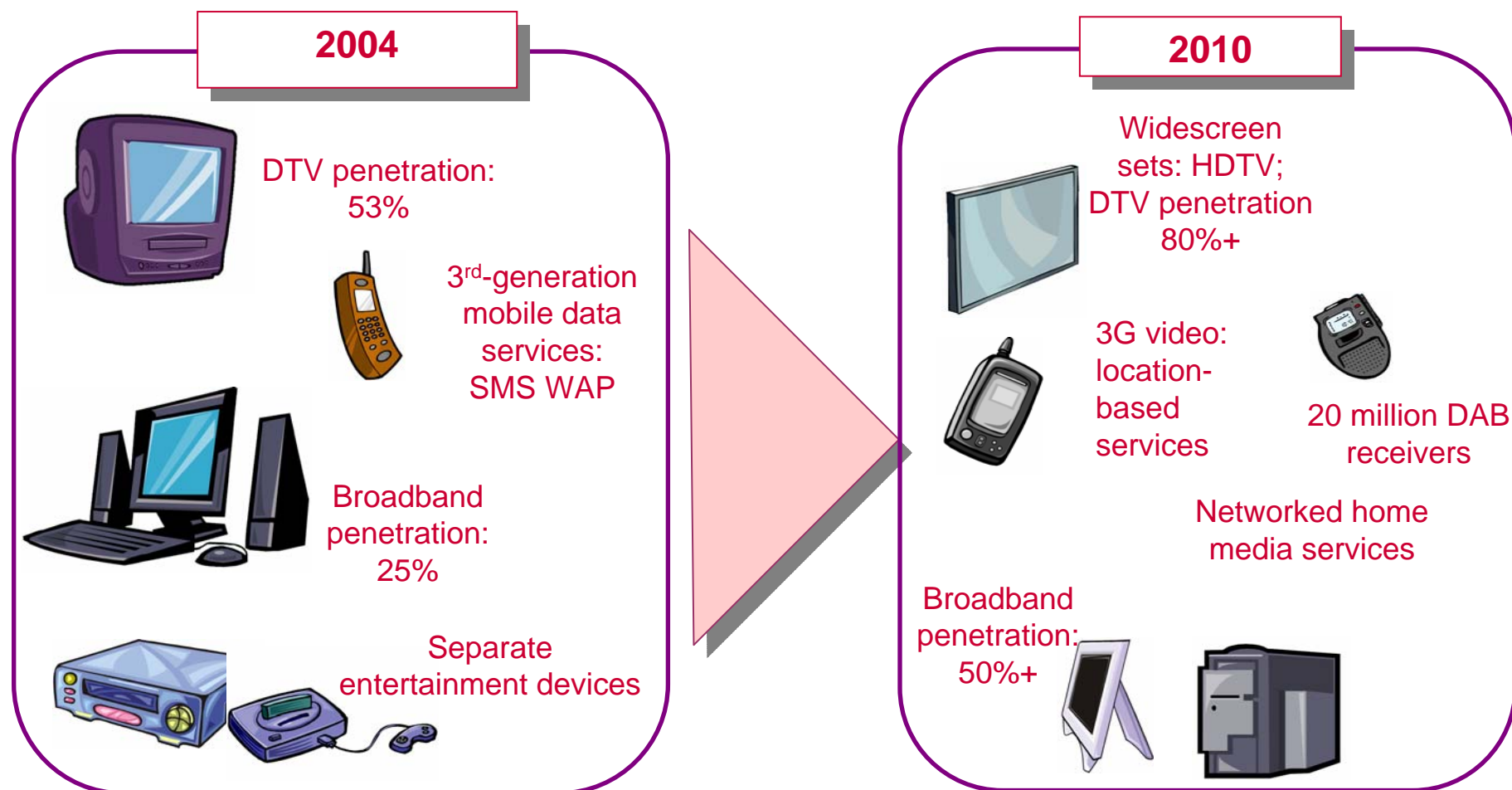
Ofcom's regulatory principles

When we regulate	Bias against intervention, but intervene firmly, promptly and effectively where required
	Intervene where duty to pursue goal markets alone cannot achieve
How we regulate	Seek least intrusive regulatory mechanisms
	Strive to ensure interventions evidence-based, proportionate, consistent, accountable and transparent
	Regulate with clear and publicly reviewed annual plan
How we support regulation	Research markets constantly and stay at forefront of technological understanding
	Consult widely and assess impact of regulatory action before imposed

Regulating against a backdrop of significant change

- Operating against backdrop of dynamic change
- Citizens and consumers benefit most where markets open and competitive:
 - bring existing services that are faster, cheaper and more widely available
 - provide the best environment for development of new services
- Ofcom's job – create conditions for increased competition and innovation to develop

Communications sector undergoing significant change



Source: Ofcom Annual Plan

What we are aiming to achieve by 2007/8

- More competition and innovation in broadband
- Thriving commercial media sector with a strong public service element
- Better informed citizens and consumers
- Widespread access to new digital & broadband services
- An effective digital TV switchover process
- Ofcom costs less and does less...but does it better

High-level three year framework



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Main priorities for 2005/6

- For 2005/6 we have identified 7 priority areas:

Implementing the strategic reviews
Opening up markets and encouraging innovation
Addressing important citizen and consumer issues
International engagement
Taking opportunities to reduce regulation
Working effectively
Understanding future developments

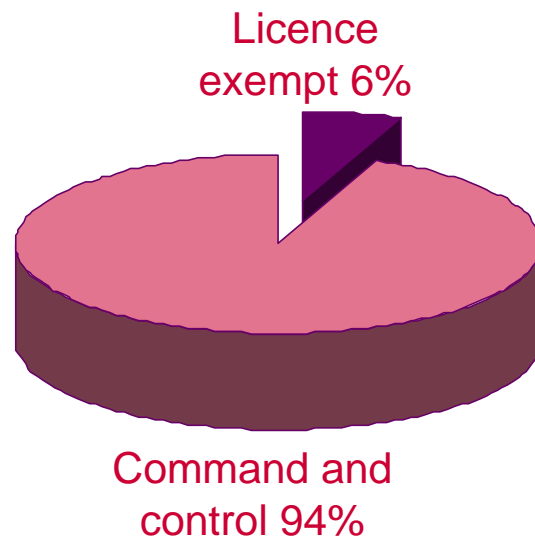
Implementing the strategic reviews

- First priority to implement the proposals in our strategic reviews of telecoms, public service broadcasting, spectrum and radio
- Telecoms – will promote increased and sustainable competition to BT
- PSB – will promote quality and innovation
- Radio – will increase range and quality of content available
- Radio spectrum – will allow market forces more freedom to decide how spectrum used

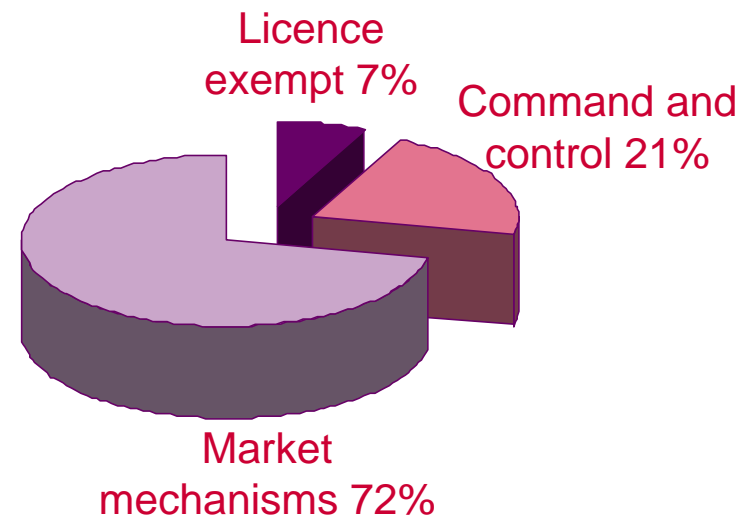
Implementing the strategic reviews

Changing the way spectrum is managed

2004



2010



Opening up markets

- During 2005/6 will:
 - promote competition by releasing new spectrum, removing restrictions on use and facilitate trading
 - facilitate digital TV switchover by supporting Switchco & reviewing ITV's and Five's licence terms
 - take targeted action to promote competition in telecoms and broadcasting
 - resolve disputes between communications providers & investigate serious complaints of anti-competitive behaviour

Addressing important citizen and consumer issues

- Four priority areas to highlight:
 - A review of universal service in telecoms
 - Setting the media literacy agenda
 - Protection of children from harmful content
 - Consumer protection and information

International engagement

- Work will involve:
 - seeking EU decisions consistent with our market-based approach to spectrum
 - supporting the UK's Presidency of the EU
 - seeking flexible EU framework for content regulation
 - encouraging coherent, market-led approach to regulation across Europe

Reducing regulation

- During 2005/6 we will :
 - employ innovative approaches, such as co-regulation
 - examine whether existing regulation still needed
 - explore new market-based approaches, such as spectrum trading
 - carry out Impact Assessments that will consider range of options, including not regulating

Working effectively

- We will:
 - ensure decisions robust, consistent and based on sound evidence
 - improve communication with the full range of our stakeholders
 - review our approach to consultation to avoid unnecessary burdens
 - Publish research results

Understanding future developments

- Will undertake further analysis of evolving markets so can anticipate and respond to the changing environment
- This work will cover 3 areas:
 - Digital multi-media platforms
 - Second generation broadband
 - Broadcasting content production
- Each review will lead published research and proposals for consultation
- Will focus, in particular, on the scope for helping markets to develop and opportunities to reduce regulation

How our work will impact on the Nations and Regions

- Work will have a particular impact on the Nations and Regions in a number of ways e.g.:
 - licensing of local and community radio services
 - managing the transition to new national and regional TV programming
 - work on universal service
- Will also be an audit involving market research to:
 - assess the state of the communications sector by Nation and by Region
 - ensure our regulatory strategy is tailored appropriately

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Seeking your views

- In our first year we began process of constructive engagement with stakeholders
- Would now like your views on our future direction and our proposed plan of work
 - Do you agree with how we see the focus of our work changing over the next 3 years?
 - What are your views on the proposed priorities for 2005/6?
 - Are there areas not covered in our outline plan which we should consider adding?
- The consultation period ends on **3 March**