

Background

I am a residential customer in a country district with no access to cable who currently rents a fixed line from BT and has made extensive use of access codes for over five years to gain access to alternative call provider services and who currently benefits from the service offered by 1899.com (UK calls of any duration at a fixed price of 3p and a range of very competitive overseas call rates). When BT was permitted by Ofcom to 'migrate' all customers to BT Together 1 from its Standard Tariff the cost of rental effectively increased by £3.15 per month through loss of the inclusive call allowance. I objected most strongly to that enforced change and sought to persuade the company to offer a rental only package to the hundreds of thousands, who previously used up the call allowance and then switched to other call providers, at a price nearer to the £7.50 per month which the previous 'cross subsidised' Standard package implied. My request was refused.

I now discover from BT's press release 'BT commits to support new era of regulation' on 23 June that "BT is to cut the monthly price other operators pay by 50 pence per line from August 1 2005 before raising the amount its own retail arm charges (including VAT) by 50 pence later in the financial year".

Comments

1. In its own press release of 23 June Ofcom indicates that its new approach to regulation has six objectives of which number one states "to drive down the price of calls, connections and services for consumers and businesses" and its chairman David Currie is reported as saying "We believe these proposals have the potential to encourage more sustainable competition, more services, lower prices and greater consumer choice".

These words sound fine but, for residential customers who have benefited from opportunities provided by the Oftel regulatory regime over several years, another 50 pence per month increase in rental on top of the effective increase of £3.15 per month imposed through enforced migration to BT Together 1 is unreasonable. That increase, presumably approved by Ofcom as part of the settlement allowing introduction of the "new regulatory approach", will I predict be the first of many in the years to come as a grossly overstuffed BT continues to exploit the inertia shown by the vast majority of its residential customers in the past.

2. Turning to the matters of "local loop unbundling", "wholesale line rental" and "carrier preselection" I monitor the introduction of new competitor services on the excellent website <www.magsys.co.uk> from Magenta Systems where a number of WLR services are already listed. The only one explored so far is that being extensively marketed at present by OneTel which offers lower line rental than BT but provides no indication on its website that I can (a) sign up to its package and (b) use access codes to reach lower call charges from 1899.com. As the latter service still requires access to a BT line, presumably because it has contracts with BT to use spare line capacity, BT will still dominate the market in which call providers rely on access codes and that concerns me.

3. To conclude, I have no confidence that these new arrangements will turn BT into a leaner and more efficient organisation so far as residential customers are concerned and the introduction of a separate business unit will produce a bureaucratic jungle of targets, monitoring systems and arguments between company and regulator for many years to come. I look forward to the day when BT Wholesale is set up as a totally separate legal commercial enterprise offering a truly level playing field for all call and service providers.

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