



Office of Utility Regulation

# **Liberalisation of the UK Directory Enquiry Market**

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Report on the Consultation Paper and Decision  
Notice

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## 1. Introduction

In August 2002, the Director General of the Office of Utility Regulation (“the Director General”) published a consultation paper, Document OUR 02/26 on the implications for Guernsey on the liberalisation of the UK’s Directory Enquiry (“DQ”) market.

At the current time, telephone users in the Bailiwick of Guernsey dial 192 to access UK and Bailiwick DQ, and 153 to access international DQ services. Both these services are provided by British Telecom (“BT”) on behalf of Cable and Wireless Guernsey Limited (“C&W”). However the Office of Telecommunications (“Of tel”), the regulator for the telecommunications industry in the UK, has introduced a new range of six digit numbers starting with 118 for DQ Services in the UK in order to introduce service level competition into the UK DQ market. Of tel’s decision means that DQ service providers other than network operators such as BT will be to provide DQ services and will allow customers to choose which DQ service to call.

The liberalisation of the UK Directory Enquiry market has implications for the Bailiwick as Guernsey’s telephone numbers are within the UK international number range (00 44) and are administered by Of tel. OUR therefore sought the views of consumers and other interested parties on the potential options available to Guernsey in responding to the developments in the UK market.

OUR received one confidential response and a response from Newtel Guernsey Limited to the Consultation Paper and this report sets out the Director General’s conclusions on the issues raised in the consultation paper following consideration of the responses received.

Section 2 provides some background information to the Report whilst Section 3 addresses the key questions raised in the Consultation Paper and includes the Director General’s Decision on this matter.

The Director General wishes to thank those who have responded to the consultation document for their contributions in helping to shape the regulatory regime and the DQ market to which consumers within the Bailiwick will have access. With the exception of the responses marked as confidential, the written comments are available for inspection at the OUR’s office.

*This document does not constitute legal, technical or commercial advice; the Director General is not bound by this document and may amend it from time to time. This document is without prejudice to the legal position or the rights and duties of the Director General to regulate the market generally.*

## **2. Background**

The original consultation paper provided detailed background information describing the relationship between OUR and Oftel, the background to Oftel's decision to liberalise the UK DQ market and a description of how C&W provided DQ services to its customers in compliance with its fixed telecommunication licence issued by the OUR.

By liberalizing the DQ market, and based on experience in other jurisdictions Oftel expected to see a wide range of innovative services for UK customers including:

- call completion facilities where an enquirer can be directly connected to the number requested;
- combined classified and standard services behind one number, so that a caller can ask for the number of all relevant businesses as well as the number of a named business; and
- the provision of services in a range of languages for tourists and minority ethnic communities.

C&W is required under the public service conditions within its licence to offer a DQ service to its customers. C&W had chosen to use the agency services of BT. Consequently customers are able to access DQ services provided by BT by dialing 192 (national DQ services) and 153 (international DQ service). However Oftel expects that following the liberalization of DQ market the new 118XXX numbers will be available to be dialed by customers in the UK by the end of 2002 although there will be a period of parallel running i.e. a period when customers will have access to the new 118XXX numbers and the legacy numbers such as 192 and 153. This parallel running period will end when the legacy numbers are withdrawn and this is anticipated to be in August 2003. After this time a customer calling numbers such as 192 or 153 will be informed that these numbers are no longer in service.

Given these changes in the UK, and the potential impact of these on the availability and type of DQ services in the Bailiwick of Guernsey, the Director General identified three options available to Guernsey and consulted on the merits of each of the options and her proposed decision. Each of these options and the responses from the consultation are assessed in Section 3.

## **3. Assessment of the Possible Options**

### ***3.1. Option A: No Change***

Under this scenario Guernsey consumers would continue to dial 192 and 153 without having access to the new 118XXX DQ numbers.

#### **Views from Respondents**

Both respondents to the consultation agreed that following the liberalisation of the UK DQ market the use of 192 and 153 would not be in the interests of consumers within the Bailiwick. One respondent highlighted the need for parallel running of the new and old numbers to allow users to adapt and become familiar with the new numbers.

### **Director General's Position**

Whilst the Director General acknowledges that the principal benefit of this option is that it would appear to involve the minimum disruption for Guernsey consumers in the short term there would be additional costs arising in the longer term as network operators within the Bailiwick would incur incremental costs arising from the re-routing of calls once the 192 and 153 numbers are withdrawn in the UK in the summer of 2003.

In addition, consumers within the Bailiwick would not be able to benefit from the choice allowed for as a result of liberalising the UK DQ market.

The Director General welcomes the fact that Oftel will maintain the 195 access code to provide a free DQ service to those customers who are unable to use a conventional paper directory as a safeguard for vulnerable users.

For these reasons the Director General believes that the continuation of the 192 and 153 numbers for DQ services is not sensible and would not be in the interests of consumers in the Bailiwick.

### **3.2. Option B: Introduce a DQ 118XXX number**

It might be possible for Guernsey to introduce a single DQ 118XXX number by either:

- A service provider in Guernsey acquiring from Oftel its own six digit 118XXX number without providing access to the other 118XXX numbers provided by other service providers; or
- C&W changing from 192 and 153 to BT's (or a single other agency provider's) 118XXX numbers without again providing access to other service providers numbers.

### **Views from Respondents**

Newtel agreed with the Director General that introducing a single 118XXX DQ number for customers within the Bailiwick of Guernsey may not realise any demonstrable benefits for consumers.

The other respondent agreed in principle with that having a single DQ provider would not provide consumers with choice. The respondent did not believe the DQ service could be provided on a single number as the costs of providing an international DQ service are higher than a national service and as a minimum would expect two 118XXX codes to mirror the existing 192 and 153 codes.

The respondent also believed that Option B was worded in such a way as to imply that either a Guernsey service provider will apply for a 118XXX number or C&W would change to the 118XXX number used by a UK DQ service provider. In the respondent's view these two options are not mutually exclusive and sought clarification whether the OUR intended to mandate C&W to use a local service provider if such a service were available.

### **Director General's Position**

The Director General welcomes the support from the respondents for her view that a single DQ number for customers would not realise any demonstrable benefits for consumers within the Bailiwick.

The Director General recognises that the costs of providing an international DQ service are higher than a national service and agrees with the respondent that a single DQ service provider operator would be expected to use two 118XXX codes to mirror the existing 192 and 153 codes. She is grateful to the respondent for clarifying and making this assumption explicit.

In terms of mandating any licensed network operator to use a local DQ service provider, if such a service were available, the Director General notes that Part II Public Service Conditions in the standard OUR Fixed Telecommunications Licence requires a licensee to ensure that users have access to Directory Information Services and Operator Assisted Services offered by the licensee or any other licensed operator who is obliged to provide such services. For example the current 192 and 153 services are both currently provided by British Telecom (BT) on behalf of Cable and Wireless Guernsey Limited ("C&W"). The Director General would therefore expect licensed operators to negotiate arrangements with DQ service providers on fair and non-discriminatory terms for users to access these services.

### ***3.3. Option C: Access to UK DQ 118XXX numbers***

Guernsey could allow the use of a range of 118XXX numbers including BT's and the major independent service providers' numbers. Guernsey consumers would therefore be able to choose which service provider to use to provide a national and international DQ service thereby benefiting from the introduction of competition in the provisions of services (e.g. better value, more innovative services). Furthermore, C&W with its universal DQ service obligation could outsource its service to one or more of the competing DQ service providers based on the most attractive offering. It would continue to be necessary for C&W to identify the service provider that would provide Bailiwick DQ services clearly in its literature.

### **Views from Respondents**

Both respondents to the consultation paper agreed with the Director General's proposal to adopt a range of 118XXX DQ numbers as it would be in the best interests of consumers by allowing them to benefit from the introduction of competition in the UK DQ market.

Newtel noted that depending upon the number of competing DQ providers that entered the UK market, network operators in the Bailiwick would be required to implement multiple code set ups on switches which would have cost implications for the operator. Consequently Newtel believed operators should be allowed retail price freedom and the ability to set their own call origination levels. In addition, an appropriate wholesale transit product may need to be available from C&W to allow competing network operators to offer access to the various DQ service providers available.

Whilst supporting the Director General's view the other respondent stated that such services should only be available where the network operator had reached agreement on technical and commercial arrangements with the service providers. Such an arrangement would provide Bailiwick consumers with greater choice and access to a range of value added services.

### **Director General's Position**

The Director General welcomes the unanimous support from the respondents for her proposal to allow access to a range of 118XXX numbers.

However in response to Newtel's comment that depending upon the number of competing DQ providers that entered the UK market, network operators in the Bailiwick would be required to implement multiple code set ups on switches which would have cost implications for the operator, the Director General does not believe that the work required by a network operator to programme its network to appropriately route numbers is any different for numbers in the 118XXX range than it is for any other type of number range or customer.

Newtel also expressed the view that operators should be allowed retail price freedom in setting their own call origination levels. For retail pricing, the Director General expects arrangements within the Bailiwick to be similar to those which will be adopted in the UK. Those arrangements mean that the DQ service provider (as the competitive provider of the value added service), has choice of structure and level of charging for its service, within a range of price structures and points available from the network operator.

Therefore, the DQ service provider will first choose whether the call is charged on a pence-per-minute (ppm) or pence-per-call (ppc) basis<sup>1</sup>. The DQ service provider in the UK will then request its desired retail price point from BT and BT will build these price points into its network (this is currently underway). For other licensed operators in the UK (both fixed and mobile), the network operator may choose to translate the BT retail price point into their own retail price point, allowing for different costs of origination.

The Director expects that Licensed Operators in the Bailiwick will enter into dialogue with the DQ service providers to identify and set up appropriate retail prices for their services.

The Director General notes that C&W's Reference Offer<sup>2</sup> includes a wholesale transit product which will provide competing network operators within the Bailiwick with access to the various DQ service providers available.

One respondent to the consultation indicated that an option would be for a network operator to apply for its own range of 118XXX codes and then reroute to an appropriate

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<sup>1</sup> or possibly a combination of ppc and ppm

<sup>2</sup> C&W's Reference Offer is available at [www.cwguernsey.com](http://www.cwguernsey.com) Schedule 3 of the Reference Offer provides descriptions of the services available.

number for a service provider in the UK thereby eliminating any inconvenience to users. The Director General believes that this option would in fact negate the benefit of tourists/business travellers being able to seamlessly access their desired DQ provider, and would be confusing for end users. Furthermore it appears to add an unnecessary additional routing and number translation function.

#### Decision 3.1

<p>The Director General will adopt the UK numbering policy with respect to national and international DQ within the Bailiwick of Guernsey. Users will be able to access a range of 118XXX DQ numbers once these are introduced in the UK. After a period of parallel running access to the current 192 and 153 codes will stop</p>
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The current timetable that Oftel are working to is for the new 118XXX codes to be available to be dialled from operator's networks in the UK from 10<sup>th</sup> December<sup>3</sup>. The 192 and 153 codes would be made removed in August 2003. Operators within the Bailiwick will therefore need to enter negotiations with DQ service providers and prepare their own networks to accept these new codes in order for customers in the Bailiwick to benefit from the liberalisation of the market in the UK.

**/ENDS**

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<sup>3</sup> There is a page on Oftel's website that carries the minutes of the DQ Industry Group Meetings [http://www.oftel.gov.uk/ind\\_groups/dq\\_group/index.htm](http://www.oftel.gov.uk/ind_groups/dq_group/index.htm) which network operators should refer for additional information.