



BT's response to PhonepayPlus consultation

“Business Plan & Budget 2013/14: A PhonepayPlus Consultation”

14th January 2013

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1. Executive summary

The proposed 2013/14 Budget appears consistent with achieving the objectives of PhonepayPlus (PPP). BT supports the reduction in PPP's budget proposed for 2012/13, which continues the reduction in PPP's costs and recognises that this industry sector is in decline. The budget appears to align planned resources with agreed aims whilst recognising that effective regulation is needed as new technologies and/or channels appear.

Our main points are:

The reputation of the PRS market is critical to its future, so ensuring compliance throughout the value chain is essential. An approach that penalises non-compliance and rewards compliance is therefore very important. This will help to drive a fair distribution of funding across the industry.

PPP has a great opportunity to influence new regulation this year by driving Ofcom and other regulators thinking based on PPP's knowledge and experience.

The priorities for PPP should therefore be around ensuring compliance with the regime defined in the 12th Code, full implementation of the Registration Scheme and number checker, informal and formal enforcement and identifying and pre-empting new threats and potential harm.

We still believe that, while charities should continue to be exempt from the registration fee, all other organisations should pay the full registration fee. Organisations generating less than £5,000 outpayments in their first year could be exempt from paying the fee but they should be liable for the full fee in their second or subsequent year.

We welcome the fact that PPP will work with the industry body AIME (Association for Interactive Media & Entertainment) and others across all initiatives.

The remainder of this response sets out our responses to PPP's consultation questions.

2 Responses to PPP's consultation questions

Q1: During 2013/14 we will commence the preparation of the next Three-Year Plan covering the period 2015-18. Do you have any feedback on the continuing appropriateness of both our current Vision and supporting Values?

A: We agreed that the Vision and Values are still appropriate. In the near future, the Effective and Collaborative values need to apply to an increased workload with Ofcom, as well as other Payments regulators to actively shape their views to support a compliant PRS industry based on PPP's expertise. For example, Ofcom is in the process of making major changes to the NTS regime, where PPP will want to play a key role in implementation where regime change affects PRS.

Q2: Do you agree with our assessment of the PRS market and do you have any other information or data that you could share?

A: We agree with the assessment.

Q3: What comments do you have regarding our themes for 2013/14?

A: We agree with the themes. Particularly from a fixed line perspective, we believe that the preparing for the future theme needs to actively create and support a compliant Higher Rate PRS environment.

Q4: Do you agree with our proposed work plans for 2013/14? If not, why not?

A: We agree with the proposed work plans. In ensuring that children can use PRS safely, it should be noted that most of the issues affecting children are the same as those affecting adults, so resource allocation needs to avoid overlap.

Q5: Do you agree with our planned resource allocation and activities for 2013/14? If not, why not?

A: We agree with most of the allocations. With the forecast growth in Track 2 and new threats, the proposed increase in track 2 funding will need robust Fines and Admin Charge Collection.

Q6: Would you support extra cost for a Funding Review in 2013/14?

A: No – there is a proposal to rebalance in favour of good compliance regardless of sector. This should be a more effective activity. In addition to the levy, we believe that organisations should be rewarded for good behaviour and compliance and that PPP work on this should be swiftly and effectively implemented.

However, looking further forward, it is appropriate to review this to ensure that the forthcoming revisions to the NTS regime and channel and technology evolution (e.g. increasing shift online) are reflected in the future funding structure. Consideration should be given to using caller paid revenue rather than outpayments as the basis for the levy. PPP must avoid a widening disconnect between those who contribute to PPP's budget compared with the areas on which PPP expends its resources.

Q7: Do you agree with our assessment that the charging model, and exemptions, should remain unchanged during 2013/14? If not, why not?

A: We believe that the retention of exempt from payment status should be dependent on compliance and that any non-compliance should make the company eligible for payment.

We believe that, while charities should continue to be exempt from the registration fee, all other organisations in their second or subsequent year should pay the same registration fee. Only those organisations generating less than £5,000 in their first year of operation should be exempt in order to encourage full registration.

We also believe that the structure should allow for development and improvement to make Due Diligence and Risk Assessment and Control easier and more effective. Although this is not mentioned in the document, PPP has confirmed elsewhere that it is planned for.