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ICSTIS CONSULTATION – IMPLICATIONS OF REGULATORY CHANGES IN THE 0871 MARKET

INTRODUCTION

Ofcom confirmed on 19 Apr 06 measures to improve price transparency and strengthen consumer protection for calls to 0870 numbers. These changes included putting the regulation of the 0871 number range within the ICSTIS regulatory remit. Since then, ICSTIS has issued the final report – Implications of Regulatory Changes in the 0871 Market – and asked for comment by 28 June 2007.

Please find attached a brief on our service. Traveline is a partnership between Local Authorities and Bus Operators to meet the requirements of the Transport Act 2000.

Traveline receives just over 5 million calls a year and, so far, our volumes have increased year on year since we started operation on 31 July 2000 on 0870 608 2 608 and for minicom on 0870 241 2 216. We needed a non-geographic number so that the same single number could be used throughout UK. These two numbers are advertised through:

- BT Telephone Directories
- Yellow Pages & Thomson's Directories
- Internet sites
- Bus Stop Flags
- Bus Stop Literature
- Bus timetables
- Local Authority and Bus Company Literature
- At some Hospitals and Universities.

As a result of the Ofcom changes, traveline is changing the phone number it has had since the launch of the service in 2000. The new number is **0871 200 22 33** and will run in parallel with the **0870 608 2 608** number until January 2008. We expect a gradual transition to the new number as it is marketed. The reason we are moving to a 0871 number is as follows:

- The cost of receiving calls on 0870 from 1 Feb 08 and the belief that consumer confidence in 0870 had been damaged.
- The need to make an early decision as the present number is advertised on the majority of the 350,000 bus stop flags in the UK and in directories (18 months schedule of change).
- The lack of information on the proposed new 03 number range.
- The Ofcom intention to review 0845 and therefore the possibility of turbulence with this range.
- The belief that the costs of 0871 landline calls was clear to the consumer.

COMMENTS ON CONSULTATION PAPER

ICSTIS Regulation

The Ofcom summary of “NTS: A Way Forward” advised in paragraph 1.12:

“The 0871 range will not be subject to the same level of regulation as the premium rate 09 number range. However, it will be subject to requirements designed to improve price transparency and to provide an appropriate level of consumer protection. Amongst other things, SPs using 0871 numbers will be required to include information about the price of calls in advertisements and on promotional material. In order to minimize the risk that consumers will be deterred from making 0871 calls by the association with more expensive 09 services, Ofcom will ask ICSTIS to consider the possibility of a distinct branding for 0871 regulation.”

The advice on the BT website is similar

There will be no change to 0871 pricing. However Ofcom intends to extend the remit of ICSTIS to cover 0871. A 'lighter' version of Premium Rate regulation will apply to 0871 calls. This will require all 0871 users to display price information on all advertising and promotional literature. The details of what this ICSTIS 'light' regulation will look like will be set out in an ICSTIS consultation expected later this year . Operators will also have to display price information on adverts for 0844, 0845 and 0870 calls in line with improved consumer protection measures and the Advertising Standard Authority guidelines.

Despite the above advice - “0871 will not be subject to the same level of regulation as the premium rate 09 number range” – the ICTIS press release on 25 April 2007 was titled

“ICTIS proposes tough consumer safeguards for 0871 services”! I would suggest that the ICSTIS regulation should be light and not discourage 0871 usage.

Consumer Advice

We want to tell our customers how much it costs to call us because: we want to be honest; and we believe the cost is reasonable.

For 0870, we used to put “Calls are charged at National Rate”. However, this advice was withdrawn around 2003 when we realized that it was incorrect.

When moving to 0871, we thought that one of the advantages would be that call costs were clearly defined (ie the cost of a call between 6ppm to 10ppm depending on the number band chosen). Following a phone call to Ofcom on 26 Jan 07, I agreed with Ofcom the wording:

Calls from landlines cost 10p per minute. Mobile costs may vary.

Although Ofcom expressed the desire that all communications providers should move to a clear, aligned pricing scheme for calls to 084 and 087, it seems that some operators providing a landline service may chose not to do so. Thus, it is now apparent that the above pricing advice was not correct. As a result, I have:

- Written to ICSTIS (3 May 07) but received no reply.
- Been in contact with Ofcom who have recommended the ASA wording - http://www.cap.org.uk/cap/advice_online/advice_online_database/Show+Entry.htm?advice_online_id=427
- Contacted ASA who advised that: “our information was not advertising, for a variety of reasons, but primarily because it is not paid-for space and relates to timetable information”

As a result of more information on call costs, we have settled on:

Most call costs are 10p per minute (rates may vary)

Customers do not read advice that is not succinct. It is requested that ICSTIS gives clear advice on succinct wording to follow a 0871 number in literature, directories etc as soon as possible.

Provision of Recorded Price Warning to Callers

A call to a 0871 (10ppm) is considered a reasonable cost. The average call to traveline takes 105 secs. Thus, the call cost is 17.5ppm from a BT landline.

The suggestion would seem fair to the caller that: “Originating network operators should be obliged to provide a free recorded warning of the basic call charge when the originating network operator charged a rate above the published rate”. However, I do believe that customers would find such a process annoying.

If this then resulted in all service providers reducing their call costs to 6-10ppm (depending on the band chosen), this would be a good result. Apart from this possible advantage, I wonder about the practicality of this suggestion.

0871 Charges Vary between Operators

Without doubt, the mobile operator’s charges are excessive and too dissimilar.

I have been looking at www.magsys.co.uk/telecom. It would appear that: BT, Virgin, Sky, Tesco, Kingston all charge 10p; Talk Talk and Sainsbury's is 11p; some such as eZe talk post pay is 15p per minute; whilst Pipex is 18p per minute. I believe that all operators should only be allowed to charge the stated 0871 rates (ie 6-10ppm).

Application of a Levy to the 0871 Market

I do not believe that ICSTIS should levy – or tax – stakeholders in the market receiving a share of out-payments.

CONCLUSIONS

1. I would suggest that the ICSTIS regulation should be light and not discourage 0871 usage.
2. It is requested that ICSTIS gives clear advice on succinct wording to follow a 0871 number in literature, directories etc as soon as possible.
3. I wonder about the practicality of the suggestion to provide recorded price warnings to customers at no cost to the user and believe that customers would become annoyed at this practice for a reasonably priced call.
4. Without doubt, the mobile operator’s charges are excessive and too dissimilar.
5. I believe that all operators should only be allowed to charge the stated 0871 rates (ie 6-10ppm).
6. I do not believe that ICSTIS should levy stakeholders in the market receiving a share of out-payments.

Yours faithfully,

Tony Ferguson, Director traveline

Annex A: Public Transport Information: traveline

PUBLIC TRANSPORT INFORMATION: TRAVELINE

- The Transport White Paper, supported by more detail in the Buses daughter document, *From Workhorse to Thoroughbred - A Better Role for Bus Travel*, set out the commitment to seeing better public transport information at both local and national level.
- Prior to traveline, the Transport White Paper considered that local bus information was often poor and incomplete. Thus, Government looked to local authorities and bus operators to work together to remedy this. The Transport Act gives powers for local authorities to determine what local bus information should be made available, and how. The local authority has power to make the information available itself, if necessary, and recover reasonable costs from bus operators.
- Robust local arrangements provide the foundation for a national public transport information system called *Traveline* that provides:
 - through a national-rate call to a single phone number – 0870 608 2 608 (moving to 0871 200 22 33,
 - public transport information on timetables to timing point level,
 - for bus, coach, tram, underground, train, ferry and metro.
- Most regions provide information to every bus stop.
- Calls are directed automatically to the relevant local (generally regional) enquiry centre; these are funded and run by partnerships of transport operators and local authorities. However, if the caller requires just rail or coach information, they will be advised to call National Rail Enquiries or can choose to be routed to National Express. For both Scotland and Wales, calls are put straight to the call-centre with no menu. If the local centre cannot give the detailed information for the distant end of a long-distance journey, the call will be transferred to the centre with that information.
- The present organisation is that a number of stakeholders are working together, through a Traveline Board chaired by the Chief Executive of Transport Direct, to manage and develop traveline. To manage the project nationally, there is a Director based at CPT. There are 8 Regions, plus Transport for London, engaged in delivering the service in England, together with equivalent organisations in Wales and Scotland. There are 19 traveline call-centres operational in Scotland, Wales and England although one call-centre (Exeter) serves three regions (albeit through three independent regional systems).
- There is an internet service – www.traveline.org.uk. The priority has been routes and times, with other features to be developed in subsequent years. Longer term objectives

are to provide better information both before and when travelling on multi-modal travel throughout UK to include: a service through digital television, enquiry systems at key locations and at travel centres; information on fares, booking arrangements, services and accessibility; and, real time information such as engineering works.

- A contract has been let with Kizoom for an SMS text messaging service on a short code 84268 in: Wales, North West, North East, West Midlands, East Anglia, South East & South West. Scotland and Yorkshire have already granted their SMS contracts with other firms. The customer texts the bus stop code number on a short code which is served by all five mobile networks. Within 5 seconds the customer receives back for the next three buses from that stop: the timetabled times; service numbers; and destinations. The system is automatic and requires no action by an individual to answer the enquiry. It service is available 24 hours a day for all seven days of the week. Vinyls are gradually being put up at bus stops giving the bus stop code.