

# **Enhancing Stakeholder Engagement: an ICSTIS Consultation**

## **Response from PNC Telecom**

**June 2007**

## Introduction

PNC Telecom Services welcomes the opportunity to respond to the ICSTIS consultation regarding enhanced stakeholder engagement. Although ICSTIS does not operate in what was then felt to be an "ivory tower" environment of 15 years ago, it is always important to ensure that all parties are comfortable in dealing with the regulator on an appropriate level for the issue at hand. The creation of an open dialogue must be central to effective regulation.

## General Comments and Overview

As a Network Operator and a Service Provider for over 11 years, PNC's comments will necessarily come from that perspective, and that of our customers. However, we are aware that many smaller service providers and information providers are still wary about "putting their heads above the parapet" and it is important to consider how these parties can be engaged to ensure effective representation of their views and consequent regulatory activity.

Whilst there are certain circumstances where ICSTIS clearly has to take a high level formal approach, it is important to remember the benefits of a collaborative and non-confrontational approach. It is our premise that in the main the industry is keen to act responsibly and that the desire to abuse consumers is limited to a small number of operators and individuals. Likewise this is the nature of most markets and not limited to the PRS industry. Occasionally, larger operators get drawn into circumstances that are not in line with industry 'best practice', as has been witnessed recently, but this is often the result of market and competitive pressures that encourage 'short-cuts'. Again this is not limited to the PRS industry, and consumer issues around BSE, food safety and the NHS/MRSA reflect such scenarios. It would be wrong, and arrogant, to believe that 'strong arm' regulatory tactics will in themselves prevent these situations arising. We believe that allowing for more informal exchanges will prevent regulated parties feeling that they are on the back foot and acting defensively, rather than being open and relaxed in their approach.

We would also add that as the telecommunications market becomes ever more integrated and the differences between fixed line, mobile and IP telephony services become more and more blurred, ICSTIS must respond by taking an increasingly holistic approach. It appears irrational to us that increasing pressure is placed on pricing transparency for fixed line services whilst the variability, lack of transparency and potential for abuse of consumers interacting from mobile devices is largely ignored. Whilst we recognise that the task presents challenges, it does nonetheless fall under the clear brief and mandate that ICSTIS articulates to be its reason for existence. From our perspective there can be only two reasons for not starting to address this area; either a failure to recognise the issue, which appears unlikely, or a lack of desire or preparedness to address this with the Mobile Network Operators. If the latter, we would ask why ICSTIS is prepared to address issues with large and small fixed line operators, but not the MNOs, who now account for over 50% of telephony calling revenues.

Section One contains an outline of why stakeholder engagement matters and states that written documents should be “easy to understand by being concise.” We would add that they should also ensure clear and straightforward use of language and be wary of turning readers off by use of legalistic jargon.

#### Answers to Consultation Questions

***Q1. Do you agree with the responsibilities we have outlined above? If not, why not?***

PNC agrees with the majority of the responsibilities set out. With respect to the third bullet point, educating consumers, we think it is important that ICSTIS remembers that it is primarily a regulator, not an educator. Education will be a natural by-product of good regulation, but should not be the primary focus of ICSTIS’ work.

ICSTIS refers to consumers “protecting themselves...from possible problems that can arise”. PNC would rather that ICSTIS moved away from this presumption of harm and instead took the view that a well regulated industry will provide adequate protection for consumers of PRS.

***Q2. Do you agree that all stakeholders require these things from ICSTIS. Are there other requirements which are generic to stakeholders?***

We agree with all the stakeholder requirements that have been set out. Of particular importance is impartiality – service providers and networks must have total confidence that complaints against them are considered entirely objectively and without bias. The general principle of innocence until guilt is proven is important as is the difference between deliberate and flagrant breaches compared to accidental ones or those where due diligence and reasonable commercial precautions failed to identify a problem.

***Q3. Do you agree with our assessment of the needs and the specific stakeholder groups identified above? If not, where do you disagree and why?***

Overall the assessment of needs seems to strike the right balance. Under the Industry section, the document lists two groups which essentially split into “regulated” and “non-regulated”, ICSTIS must keep focused on the parties which are covered by the Communications Act and which it regulates.

There is an unqualified statement that “some providers have legitimate brand equity that they will also be concerned to preserve”. Whilst it is unclear exactly what this means in terms of value for money regulation referred to in the same sentence, we again point to the need for ICSTIS to be objective in its dealings with all service providers.

There is no mention in the Media section of referring journalists to the company concerned in any enquiries. We would have thought that this would be a valuable option, allowing both sides of the story to be presented for cases of media interest.

Our experience of recent regulation and regulatory communication has been that it appears to be 'one sided' and at times language used has been inflammatory. Although a regulator, ICSTIS must take a 'responsible' position and also ensure that media coverage is balanced and that not all PRS providers are 'tarred with the same brush' during adverse coverage. Without the industry and products and services provided and revenues generated ICSTIS would not be funded nor in existence at all.

***Q4. How could we improve our engagement through the ICSTIS website?***

The website is generally user friendly. There are some areas that could be improved; for example, an adjudication search by service provider does not present the results in chronological order.

We also note that there does not seem to be any allowance for disability as recommended by the Disability Rights Commission which we would have thought would be helpful as ICSTIS has identified a role in educating potentially vulnerable consumers.

***Q5. Are there any stakeholder expectations that we may have overlooked?***

ICSTIS appears to have captured all current expectations.

***Q6. Are there other measures that would contribute to benchmarking our success in improving stakeholder engagement?***

The measures listed seem appropriate benchmarking tools. The first two, independent audit and consumer research, would both involve additional cost and the industry would no doubt wish to be assured that they were getting value for money from these exercises, performed on 'their behalf'.

The website feedback option is currently aimed at members of the public and ICSTIS may wish to consider adding an industry focus to this to allow for comments on areas such as service provider registration, clarity of prior permission information and similar.

ICSTIS may wish to consider media monitoring as a measure of success in improving stakeholder engagement, so that if it uses the media as a communications vehicle (as outlined in annex one, criterion one) it can assess the benefits attained from this.

Annex One

***Q7. Do you agree that we should adopt these six criteria for consultation purposes? If not, why not?***

We agree that the six criteria for consultation are correct.

For the length of consultations we would wish to see a minimum of five weeks (so the wording should be "we will usually aim to allow at least five weeks").

## Conclusion

PNC welcomes ICSTIS' desire to be fully inclusive in its communications with all stakeholder groups and hopes that the comments in this response are helpful. We would be happy to discuss any of the issues with ICSTIS more fully should this be required and will continue to contribute to the debate in a positive manner.