

Campaign for Unmetered Telecommunications

Comments on the OECD Internet Access Price Comparison

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The OECD Internet Access Price Comparison, published yearly, is widely quoted as a valid comparison of Internet access costs between different countries.

We have had harsh things to say about it in the past; although the 1999-2000 comparison is a considerable improvement on that for 1998-99 it is far from optimal and we make various suggestions towards its improvement.

One thing to bear in mind is that, because of the enormous variety of operators, ISPs, tariffs and bases of charge both between and within countries, it is not possible to produce a perfect comparison; there must be simplifications and omissions.

Problems

1. The most obvious is that the survey is restricted to the dominant operator, presumably BT with BT Internet in the United Kingdom. This approach falls short in countries with a large selection of operators, diverse charges and bases of charge and new services continually coming to market, but it is impossible to come up with a consistent method of tackling such situations; we suggest that, for such countries, a disclaimer is made that cheaper deals may be obtained from non-dominant operators.
2. We believe that line rental or similar (the 'PSTN fixed charge') should not be mentioned in calculations; at the moment, in every country, most if not all telephone subscribers use their land line for voice calls yet only a minority use it for Internet access. It is not appropriate to tie the PSTN fixed charge to Internet access. (We ignore contrived situations such as using a mobile phone for voice calls and a land line solely for data calls; this is certainly financially and technically possible in the United Kingdom but, as far as we know, it is not commonly done).
3. Considering ISP charges and access charges, there is the problem of handling countries with subscription-free Internet Service Providers, or even where the dominant operator offers both subscription and subscription-free services as used to be the case in the United Kingdom with BT Internet and BT Click. Again a disclaimer should be used in the metered cases that the ISP component of the cost may be less, or zero, from non-dominant operators.
4. "Unmetered" access is described as 150 hours per month, made up of 30 data calls of 5 hours each. That definition is used solely to compare unmetered access with metered access by costing metered calls for a number of countries and taking the average.

We suggest that this comparison is invalid as unmetered and metered access are very different things; also, it is artificial as very few people would use 150 hours of metered calls a month (if there was no unmetered option, they would restrict usage; if there was, they would switch to it) and nobody would clock up that usage by making 30 calls of 5 hours.

We propose that unmetered access follows our definition; there is no reference to usage or call patterns and no comparison with metered access.

We also suggest that there are two comparisons of unmetered usage; one for countries with off-peak unmetered access only and one with countries with 24 hour a day, 7 day a week unmetered access, with gaps where a given country offers one but not the other. (To avoid complications we assume no metered peak usage with the unmetered off-peak option).

5. The most serious problems are with comparisons of metered usage.

First of all, the OECD makes comparisons on the basis of 20, 30 and 40 hours a month. We believe that these categories are not distinctive enough; 20, 40 and 80 hours a month for home usage, and 40, 80 and 160 hours for business usage, would be more appropriate. (In any case, from our experience, people would move to unmetered usage, if such an option is offered, well before they reached 80 or 160 hours a month respectively).

Secondly, it again splits up metered usage into blocks, this time of N calls of 1 hour. We understand why the OECD does this, as some countries or cities have untimed usage (where the user pays a single fee per call, such as 6.5p including VAT by Kingston Communications in the United Kingdom) but, again, the blocks are wholly artificial.

We suggest that untimed call costs and other complications, at the moment, are not used in calculations but are mentioned in footnotes; to give a rough idea of the number of calls per hour made in practice we have consulted our Members who state, from reviewing recent bills, that they make anything between two and nine Internet calls per hour on average. If better research into this were undertaken it may be possible to factor in untimed costs in the future.

On balancing peak and off-peak usage, we suggest that, instead of comparing either 100% peak or 100% off-peak, a more subtle mixture of usage is required: quite apart from anything else, nobody would ever use the Internet solely at peak hours with a dialup connection. We have consulted our Members on how they use the Internet at home and a broad consensus is that there should be three mixtures of usage:

i. Person always at work during the day

95% off-peak usage, 5% peak usage (they may happen to be at home one day, or get home from work and check email before the off-peak period starts)

ii. Person usually at work during the day, occasionally at home

85% off-peak usage, 15% peak usage (peak usage mainly for checking email during the day)

iii. Person working at home

60% off-peak usage, 40% peak usage (the most difficult category to pin down, but most people in that situation appear to shift their working day, to some extent, into off-peak hours).

We suggest that these approximations to what real users do are a better basis for comparing metered charges although, again, more rigorous research is needed.

6. Schemes such as in France or with some United Kingdom and American Internet Service Providers, where a certain time (in the United Kingdom we have seen anything from 10 to 80 hours) is unmetered then metered charges kick in, independent of the distinction between peak and off-peak, should be worked out individually, with reference to 5 above, and mentioned in footnotes. We believe that such schemes will slowly die off as people become impatient with restrictions and there is a general move to 24/7 unmetered usage.

7. In the unmetered cases it is worth mentioning any cutoffs used to prevent a dialup connection becoming, in effect, a permanent connection. These are usually either after a fixed number of hours, irrespective of whether or not anything is being done with the connection at the time, or after a fixed number of minutes of the connection becoming inactive.

8. We agree with the other aspects of the OECD methodology, namely:

(i) VAT being included in all calculations;

(ii) 'peak' being defined as the price of a call at 1100 and 'off-peak' being defined at that at 2000;

(iii) discount schemes being included as 'best available';

(iv) all calculations being based on a single residential line.