CONSUMER NEWS UPDATE

FROM THE NATIONAL CONSUMER FEDERATION

JANUARY 2006

MAY 2006 BE A YEAR OF PEACE AND PROSPERITY

But don't bet on it.

THE GREAT POULTRY REGISTER

An advertisement inserted by **defra** and its Scottish and Welsh equivalent organisations in a smallholders' journal reads:

"We're taking steps to prevent an outbreak of bird flu and reduce the impact of disease if it occurs here. The Great Britain Poultry Register will provide us with the information we need to give you the right help."

It goes on to say that if you keep more than 50 birds at commercial premises at any one time you are legally required to register the flock with them by 28th February.

It is not just flocks of chickens, ducks and geese that have to be registered but game birds and such unusual ones as pigeons raised for meat, cassowaries, emus, ostriches, rheas and kiwis.

It is perhaps surprising that such flocks are not registered already when one considers that the threat of bird flu transferring to humans has caused the EU to ban all poultry shows, sales and gatherings. This was implemented in the UK at the end of October last year and is to be in place until May 31st, though should there be an outbreak of avian influenza in the period, this will, in all likelihood, be extended. The good news is that the main risk to our flocks is from migratory waterfowl and they will usually have finished their travels by then. Those who keep birds, such as canaries, budgies or finches indoors can breath easily as it is considered that they are at little risk of catching the disease. However, if you have some ducks in the garden or chickens at the bottom of your vegetable patch you should make arrangements to bring them indoors in the event of an outbreak and that may pose some problems for people with more than just a few hens. Ducks in the bathroom may not appeal even to the most dedicated fancier.

"CONSUMER BEWARE," says Alec Samuels. My wife has a bit of money in a high street bank's savings account, not a huge sum but not an insignificant amount. The rate of interest is not good, indeed it is poor. Saving, as we know, is not encouraged or facilitated by Government these days. So she approached the bank with a view possibly of switching the savings (or part of them) into bonds, e.g. 3 year fixed interest investments, giving a better rate of interest than she is currently receiving. She imagined that she would be sent some leaflets and an application form. She was invited to call in to the bank for a chat, which she did. The financial adviser chatted her up with a lot of financial jargon, and produced a sheaf of forms. After a long time it emerged that she was being invited to apply for some bonds and to pay for the "financial advice", a sum of over £3,000 to be deducted in thirds from the annual interest yielded by the bonds. Although the rate of interest on the bonds would be a bit better than on her current savings, she felt unwilling to pay £3,000 for a couple of hours sales talk. She felt that the bank would make a sufficient profit out of the money she would invest. So: consumers, as ever, beware!

MERGERS GALORE for 'TRIPLE PLAY'

On January 3rd the OFT announced the clearance of the proposed acquisition by BSkyB Broadband Services Limited (Sky) of Easynet Group Plc (Easynet) and the merger of NTL Incorporated (ntl) and Telewest Global, Inc (Telewest).

The OFT has decided that the test for merger reference to the Competition Commission is not met in either case. Both cases relate to the emergence of Digital Subscriber Line (DSL) as an alternative means to provide "triple-play" (pay-TV, Internet and telecommunications) services.

Sky/Easynet: Sky's acquisition of Easynet will enable it to offer triple-play services, in which it currently has no offering, and thus be a competitor with other providers.

The OFT's merger assessment has focused on the impact of the merger itself, rather than concerns about how the relevant markets are currently working from a competition standpoint. Competition between Sky and Easynet is currently insignificant but third parties have raised concerns about the potential for Sky blocking the supply of pay-TV content to its emerging DSL rivals, given its market power in premium content provision and its significant buying power in non-premium content. However, Sky already has the potential to do this and the merger does not materially alter its incentives in this area.

ntl/Telewest: Telewest and ntl are now the only two cable operators but, as their local networks do not overlap, they do not compete in providing services over cable and the potential for them to do so is minimal. Where they do overlap (in wholesale telecommunications services and narrowband internet) outside their local cable networks they will still face a number of other significant competitors.

Currently, ntl and Telewest are buyers of pay-TV content and Telewest owns a supplier of such content, Flextech. Concerns were expressed to the OFT that the merged entity could either cease to supply Flextech content to DSL rivals, and/or use its buyer power to block the supply of third party pay-TV content, to its rivals (i.e. seek 'exclusivity' over content). Flextech's relatively low share of viewers, together with the availability of alternative content, undermines the strength of the first concern.

In considering the second concern the OFT noted that the Competition Commission was comfortable with a similar level of buyer power when it last considered a merger of cable operators, and there is no evidence to suggest that a different view needs to be taken now. Furthermore, several potential competitors did not share this concern.

It was also suggested that ntl/Telewest now have the ability and incentive to refuse to buy content that competed with Flextech, but this is inconsistent with the concern that they would seek to gain exclusivity over the supply of pay-TV content, and was not supported by other content providers.

Accordingly, the OFT has decided that the competition concerns raised either do not result from the mergers or are not sufficiently significant to warrant reference to the Competition Commission.

The full text of these decisions will be placed on the Office of Fair Trading's web site at www.oft.gov.uk and will also appear in the Office's Weekly Gazette as soon as is reasonably practicable.

The Competition Commission cleared the merger of NTL Incorporated and Cable and Wireless Communications cable operations in March 2000.

There seems to be a remarkable consolidation of commercial broadcasting services providers and one wonders whether, and for how long, the BBC can remain aloof.

This Newsletter is published by the National Consumer Federation - Registered Charity No.1101414, Registered Office, 180 High St. West Molesey, Surrey. KT8 2LX - in furtherance of its aim to educate and inform consumers and is compiled by John Brown who welcomes contributions to editor@ncf.info. To receive copies contact NCF Secretary Stella Nicholas – Phone 020 8941 2513,Fax 020 8979 0871, e-mail office@ncf.info and web site www.ncf.info
This is a news-roundup and the content does not represent the views of the NCF unless this is specifically stated.