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27 May 2011
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WLGA • CLILC

OFCOM
Mobile & Auctions Team
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Dear Sir

**WLGA Rural Forum response to OFCOM's consultation:
Assessment of future mobile competition and proposals for
the award of 800 MHz and 2.6 GHz spectrum and related
issues**

The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales, and the three national park authorities, the three fire and rescue authorities, and four police authorities are associate members. The Association seeks to provide representation to local authorities within an emerging policy framework that satisfies the key priorities of our members and delivers a broad range of services that add value to Welsh Local Government and the communities they serve. In 2007, the WLGA established its Rural Forum the purpose of which is:

- To provide a local government forum for exchanging views on key issues affecting rural Wales;
- To provide a coordinated approach to key strategic issues affecting local authorities in rural Wales;
- To identify items of common concern and to discuss ways of addressing them in co-operation;
- To co-ordinate lobbying or representation on issues of common concern to achieve better outcomes for the communities and people of rural Wales;
- To identify potential areas of collaboration and joint work for the benefit of rural areas;
- Where possible, to speak with one voice for and represent the interests of local authorities in rural Wales;
- To undertake such other collaborative discussions about rural Wales as are agreed to be appropriate, to further the economic, social and environmental well-being of rural areas.

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The WLGA's Rural Forum recognises the importance for rural areas of

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this planned spectrum auction and the possible outcomes, both economic and social that could be delivered if such spectrum was utilised at an affordable cost in rural Wales.

The primary consideration of this response is that of telecommunications market failure in rural Wales and what the release of this spectrum could achieve for rural areas and communities. There is a clear need for intervention to assist rural economies and to promote economic regeneration, to stimulate social inclusivity and create a level playing field across the UK in terms of the availability and coverage of affordable high speed mobile networks.

The possibility of an LTE/4G high speed network covering a rural area has already been demonstrated in Pembrokeshire through the trial by Arquiva, partnered by Alcatel-Lucent in the Preseli Mountains, following the digital switch over in Wales.

In rural Wales there are a high proportion of dispersed micro enterprises that require affordable high speed communications to ensure business success and expansion. The availability of affordable LTE/4G services would assist in reducing the unavailability of broadband not-spots, no mobile phone coverage, no digital radio reception and limited terrestrial television services. The fact is, that mobile phones and Internet access are no longer a luxury or for entertainment but part of the daily working and social life for individuals, families and businesses. Metropolitan areas are well catered for, it is the rural heartland that is now requiring urgent attention and this available spectrum is a solution. If it is accepted that such a service provision should be almost universal then the key question is what is an acceptable coverage level, based not solely on economic cost and returns but on direct public intervention and subsidy to ensure inclusion. An example is the supply of electricity.

The auction of the released spectrum must consider the rurality issues and ensure that rural areas are not further disadvantaged and the lives of the rural population made more difficult by being excluded. Additional coverage obligations are required to ensure appropriate rural geographical coverage.

Consultation questions

Question 5.4: Do you agree with the analysis that at least four competitors are necessary to promote competition?

Competition brings benefits where such competition can be maintained. Rural areas cannot sustain such competition and a different approach is needed if such services are to be delivered. The creation of a single "shared" infrastructure by all the operators may be a solution in rural areas and would increase coverage. Different markets require different solutions there is no one size fitting all.

Question 5.7: Do you consider that we should take measures to design the auction to assist low-power shared use of 2.6 GHz? If so, what specific measures do you consider we should take?

Yes. This could be a means of ensuring services are delivered to remote areas.

Question 6.1: Do you have any comments on the proposal to include in one of the 800 MHz licences an obligation to serve by the end of 2017 an area in which 95% of the UK population lives, while providing a sustained downlink speed of 2Mbps with a 90% probability of indoor reception? Do you think there is another way of specifying a coverage obligation that would be preferable?

Question 6.2: We would welcome views and evidence on the costs and benefits of imposing an additional coverage obligation focused on particular geographical areas, and if such an obligation were to be imposed what might be the appropriate specification of geographic areas?

A download speed of 2Mbps is not sufficient in 2011 and by 2017 will be woefully inadequate. The LTE technology, according to the recent trial by Arquiva, partnered by Alcatel-Lucent in the Preseli Mountains should provide an average data rate between 5 and 15 Mbs. The coverage obligation should be a minimum of 5Mbs.

The coverage obligation specified as 95% of the UK population is worrying. According to this specification the whole of Wales could be left out of coverage, yet the target could still be met. This is a very crude target.

A 95% UK percentage of population target figure will seriously disadvantage rural areas. A new obligation for rural coverage needs to be considered, together with service obligations for prioritising disadvantaged rural areas. A geographical coverage of 90% of Wales would be a reasonable approach to ensure inclusion and comparity with other areas of the UK. A target of 98% of the population of the UK would be nearer the mark.

Operators should also be required to work with unitary authorities in Wales to ensure suitable and adequate coverage of rural communities.

Care must be taken to avoid building into the auction a successful bidder creating a monopoly situation in rural areas. This could be avoided by stipulating a minimum of two operators under the coverage obligation and specifying what additional public intervention and support is required to ensure coverage to communities.

Question 6.3: Do you have any comments or evidence on whether an additional obligation should be imposed to require coverage on specific roads?

The road network in Wales is an important network of communication for both businesses and individuals, travelling east/west and north/south. All strategic routes across Wales, including those routes traversing isolated rural areas, should be covered by any obligation.

Question 6.4: Do you have any comments on our proposal not to use the combined award to address existing not-spots?

The vast majority of not-spots are in rural areas. This auction should be used to ensure these not-spots are addressed, however, this may be by fixed means rather than mobile.

Question 6.5: Do you have any comments on our proposal not to impose 'use it or sell it' obligations but to consider including an additional power to revoke during the initial term of the licences?

Question 7.1: Do you have any comments on the proposals relating to the duration of the initial licence period, our rights to revoke the licence during this period, the charging of licence fees after the end of the initial period and our additional revocation powers following the initial period?

It is most important that these licences when awarded are utilised for the greatest benefits, including the potential they offer for rural services.

There are two market areas for this auction, metropolitan areas and rural areas. Operators will reap the greatest rewards from Metropolitan areas and so will deliver there, to the detriment of rural areas. Safeguards must be built in to ensure rural areas also benefit from roll out with suitable obligations to ensure rural areas are catered for within appropriate timescales.

In conclusion, there is a fundamental balancing act with the auction; a balancing of creating the right economic conditions for operators to deliver services and reap justified rewards, which leans towards areas of greatest returns, the metropolitan landscape and the need to ensure inclusivity, and assist disadvantaged rural areas which could gain so much from the spectrum being auctioned.

Past history has shown that rural areas are not served well. This is an opportunity to move away from a rigid economic model to a model that will allow rural areas to be served very well through partnership and collaboration, direct public support and intervention where necessary. The creation of suitable obligations can support this.

Yours sincerely



Cllr Michael Jones OBE
Chair, WLGA Rural Forum

BASIC DETAILS

Consultation title: **Assessment of future mobile competition and proposals for the award of 800 MHz and 2.6 GHz spectrum and related issues**

To (Ofcom contact): OFCOM Mobile and Auctions Team

Name of respondent: Cllr Michael Jones OBE, Chair of the WLGA Rural Forum

Representing (self or organisation/s): Welsh Local Government Association

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Name Cllr Michael Jones OBE

Signed (if hard copy)

