

Review of the wholesale broadband access markets - Call for Inputs

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Organisation:

Birmingham City Council

Thank you for the opportunity to reply to the consultations on Wholesale Line Access and Wholesale Broadband access.

Birmingham consider these to be very important consultations that could help to define the future of next generation connectivity in this country, particularly as so many cities such as ourselves now view next generation access as being critical for economic growth and inward investment. We consider that world class connectivity will play a major role in helping to regenerate key areas of our city and act as a key enabler in transforming the delivery of public services.

In recent years there has been a growing realisation as to the importance of next generation access in delivering growth and transformation. On an almost daily basis, Local authorities like us are faced with stories from small and medium businesses who are frustrated at either the lack of availability of high speed connectivity or what they consider to be the unaffordable costs for leased line services.

Enabled by the Government's Urban Broadband Fund, cities have begun to examine in great detail the extent to which these ultrafast services are available to businesses and citizens in our communities, and the results are truly shocking.

It is clear to us that the incumbent is not operating in a way that puts the best interests of the country at heart and certainly not in a pro-competitive manner. We feel that if this situation is left unchecked, then it is highly likely that this county will never benefit from true next generation connectivity in the form of direct fibre access.

We strongly believe there is a need for more competition in the access network market and that the proposals in the consultations; rather than seeking to stimulate more investment and competition are actually likely to leave local authorities, central government departments and customers more dependent on the incumbent, actually increasing their Significant Market Position.

We do understand the challenge Ofcom is facing. Ofcom has existing regulatory powers to manage operators with significant power in markets defined by 20th century technology – analogue, private circuits, fixed line, calls, mobile calls, yet you are expected to encourage investment in the technology that redefines those markets for the 21st century.

As we look to other countries around the world, the United Kingdom is seriously in danger of being left behind by those that have been quick to realise the benefits of investing in next generation infrastructure. Those countries are now benefiting from lower wholesale prices and better connectivity brought about by fewer restrictions.

The current consultation appears to strengthen the position of the incumbent and the rollout of VULA services, allowing them to dictate the pace, cost and time of their investment; effectively preventing new competition into the market place and reinforcing a position of monopoly.

We therefore ask Ofcom to consider the following points as part of its formal consultations on both Wholesale Line Access and Wholesale Broadband Access:

1. We believe that there is now demand in the market for greater connectivity than the current market delivers.
2. We believe that the current market definitions are restrictive. This in turn hands an advantage to the incumbent, preventing the emergence of new business models, throttling the full potential of connectivity and supports artificially high prices.
3. We believe that a new market should be declared.

We would be delighted to discuss in detail our concerns with you and would welcome an opportunity to work with Ofcom to evidence the emerging demand and consider ways in which we can secure increased competition in the access network.