

Mobile & Auctions Team
Ofcom
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Dear Sirs

Future mobile competition and proposals for the award of 800 MHz and 2.6 GHz spectrum

The Countryside Alliance is the major British campaigning organisation on rural issues. With over 105,000 members the Countryside Alliance defends and promotes the rural way of life. We welcome the opportunity to respond to Ofcom's consultation on the proposed spectrum auction.

In May 2008, Ofcom published a report which assessed television, radio, internet and communication habits across the regions and nations. The report found that rural households were more likely to have broadband connections than those who live in urban areas, indicating that 59% of rural households had broadband services, compared to 57% in urban homes. There is clearly a high demand for broadband in rural areas, however rural towns and villages do not benefit from the level of competition common in urban areas due to low consumer density and poor existing infrastructure.

Broadband service in rural areas is often poor. The National Farmers Union ran a poll last year regarding broadband access in rural areas and results indicated around 40% of respondents reported that they couldn't get broadband at all, while 90% who could access broadband didn't get a reliable connection.

The Alliance therefore supports Ofcom's proposal to structure the release of 800 MHz and 2.6 GHz spectrum to ensure the continuation of four-player wholesale mobile broadband market.

It is vital that rural communities and businesses have access to effective and affordable broadband if the digital divide is not to grow even wider and rural economies are going to grow and prosper. Reliable broadband is imperative for competitive and successful enterprises in a growing digital economy. The Coalition Government has made clear its desire to make more public services available online, which provides more cost effective means of accessing public services. However online access to public services will only work if they are accessible to all and do not exclude those in remote areas, who already struggle to access public services.

Farming businesses are increasingly required to meet certain obligations online, such as VAT returns, animal movements and applying for agriculture support. Farming businesses and other rural businesses can only meet these obligations if they have a decent and reliable broadband connection.

The Alliance therefore supports Ofcom's proposals to apply a coverage obligation to one of the 800MHz licences, however we urge Ofcom to increase this from 95% to 98% population coverage.

It is important that there is competitive roll out of broadband services if the current problems of high prices and poor service in rural areas are to be overcome. The Alliance would like to see the spectrum auction designed to maintain as much competition as possible in the marketplace, allowing operators to compete on a level playing field to ensure market growth, which benefits consumers and ensures greater choice for those living in rural areas.

It is hoped that the sale will take place in late 2011. Any delay will seriously jeopardise the ability of this Government to meet a universal service commitment. The auction of the radio spectrum provides a huge opportunity for all the mobile companies to provide better broadband at competitive prices. However, if the auction is not structured to maintain competition, a duopoly may emerge and rural coverage will suffer whilst prices for 'non profitable' areas increase. Set up costs for the mobile companies to increase coverage is not going to be huge as it will just be an expansion of coverage over their current masts – no need to dig up the countryside which is expensive, time consuming and riddled with planning concerns.

Valuable low-frequency spectrum will be required to make mobile broadband accessible and affordable in the countryside, but rural users must not be left in a position where the low-frequency spectrum is monopolised by a few operators, and where only two players have the amount of low frequency spectrum required to deliver universal broadband at 2mbps.

The Alliance urges Ofcom to ensure that an outcome of the auction is a competitive market to support universal coverage at 2mbps in all parts of the UK.

If the Countryside Alliance can be of further assistance or you require any clarification of the points raised, please do not hesitate in contacting me.

Yours faithfully



Alice Barnard
Chief Executive
Countryside Alliance