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**Question 1: What are your views on Ofcom's proposed priorities for 2013/14?:**

This response intends to answer the first question regarding views on Ofcom's proposed priorities. In Section 4 of the Draft Annual Plan 2013/14, six strategic purposes are proposed to guide Ofcom's priorities. Admittedly all these strategic purposes are carefully contemplated and well set, yet four issues, mainly discussed under Strategic Purposes 1, 2 and 5, have drawn my attention as a concerned consumer. This response will only focus on issues that have raised concern, with respect to informed consumer choice, investment in broadband, spectrum allocation, and future content regulation.

**On informed consumer choice**

The first strategic purpose of Ofcom's proposed priorities is to "promote effective competition and informed choice" (Ofcom, 2012c). Ofcom has recognized the importance of well-informed active consumers and how they would contribute to promoting vigorous competition. The draft annual plan has mentioned several projects, including broadband speeds research, consumer complaints data and traffic management practices, to address areas where Ofcom believes that the market has not provided sufficient information for consumers' choices (Ofcom, 2012c).

Although these projects have identified areas where information is insufficient and have made comprehensive well-researched data readily available, the efficiency of doing so to promote informed choice of consumers is questionable. Take consumer complaint data as an example. Ofcom has been publishing received complaints quarterly by service and by provider in the belief that such information is useful for consumers, for example, relevant to those considering a new service or provider (Ofcom, 2012b). There is no doubt that such information is useful yet it won't be in use if consumers are not aware of its very existence or simply have too much information, though might be less useful or relevant, to deal with already. As Xavier pointed out in his academic research, information provision can have its own failings and drawbacks; for instance, the volume of information presented can contain its effectiveness (Xavier, 2008). He also referred to one of Ofcom's surveys in 2006 which indicated that over one third of consumers found it difficult to compare prices in the fixed, mobile, and Internet market segments (Ofcom, 2006). If a consumer is considering a new service or provider, he/she probably has already been overwhelmed by information provided

by different providers concerning different aspects of the service, be it price, quality, or bundled schemes; what is the possibility that they would seek additional information from the regulator?

One may argue that this is exactly why data provided by regulator i.e. Ofcom is crucial and should play an important role in guiding consumers to make sensible choices. I agree. Yet "ensuring that clear and relevant information is readily available" (Ofcom, 2012c) is not efficient enough to fulfill its purpose. This then leads to a suggestion to improve the current proposed priorities, that is, Ofcom should make more proactive efforts to help promote informed choice. A possible solution could be to enforce or incentivize providers to publish reliable third-party data (could be Ofcom data or data from a third-party research institute to maintain independence) concerning essential aspects of service providers themselves (price, complaints handling, etc.) through different channels which providers use to reach consumers such as leaflet and websites.

#### On investment in broadband

Under Strategic Purpose 1, another priority is to "ensure effective competition and investment in both current and superfast broadband" (Ofcom, 2012c). In this section the specifics to ensure that BT shares its infrastructure to allow competition should be applauded; yet the part of providing public funding to supplement private investment to help achieve this target is rather unclear. It has not specified where the funding might be allocated, neither geographically or in terms of layers or levels, i.e. only on infrastructure level or beyond that. This is important because it is directly related to the efficiency and legitimacy of the funding. First of all, where the funding goes geographically will affect the efficiency of network upgrade in general. As academic research has shown, the degree to which public investment can leverage private investment is key to the success of government investment in broadband. This may mean that public investment may have to be concentrated in areas which private investment will not reach or where competitive forces will not elicit private coverage (Cave & Martin, 2010). The suggestion is that such areas should be identified and more funding should be directed to these areas exclusively. As for the legitimacy, the government funding in infrastructure can be justified by academic references (Noam, 2010) and in practice (Asian countries), but not in other areas apart from infrastructure. Therefore, the public investment should be strictly limited in the infrastructure level only and leave the rest to the market mechanism to avoid excessive interference with the competitive market.

#### On spectrum allocation

The draft annual plan has set "Secure optimal use of spectrum" as their Strategic Purpose 2 and has included both current undertaking - timely clearance and plans for future development - support for the release or potential release of new bands (Ofcom, 2012c). It is reassuring to see that Ofcom has shaped its spectrum policy to satisfy the consumer demand for mobile capacity. There is only one suggestion regarding the implementation of spectrum policy, that is, to keep the consumers informed about possible influence on their daily life due to the change of spectrum allocation.

In the priorities outlined, the draft annual plan has taken into account different stakeholders involved in the spectrum policy change, with a primary focus on licensees and the government. The consumers are mentioned once in relation to the clearance of 800 MHz: "consumers will be informed and given guidance if required about retuning their TV sets or set-top boxes" (Ofcom, 2012c). This is a very example that spectrum policy change can affect people's daily life and the suggestion is that Ofcom should come up with a consistent and transparent system to inform consumers, i.e. the general public of updated changes, both enforced and potential, in spectrum policy and how these changes may influence their life,

which is also an efficient way to prepare them for possible cooperation needed.

#### On future content regulation

Under Strategic Purpose 5 "Maintain audience confidence in broadcast content", one specific priority is to "develop approaches to future content regulation" (Ofcom, 2012c). It is understandable that the rapid change in technology, especially the trend of convergence, has posed considerable challenge for future content regulation, yet the draft annual plan this year has not gone very far from last year, given that Clause 4.51 and 4.52 in this year's draft annual plan is exactly the same with Clause 3.38 and 3.39 of last year's published annual plan (Ofcom, 2012a). With the same content available across platforms and networks, an updated content regulation scheme that fits with convergence is urgently needed.

The suggestion is that Ofcom should start with consultations and a preliminary framework and it can draw references from other countries. For example, the Australian government and Australian Law Reform Commission published a final report on a new national classification scheme and content regulation in the context of convergent media in February 2012. The key features of the report include platform-neutral regulation, a shift in regulatory focus to restricting access to adult content, co-regulation and industry classification, etc. (Australian Law Reform Commission, 2012). Some of the features happen to concord with certain academic arguments. For instance, Blackman argued that convergence requires re-examining the basis for regulation and that sector specific regulation should be reduced (Blackman, 1998), which justifies the platform-neutral regulation proposed by Australia.

Above are the four issues that I'm concerned with the draft annual plan for 2013/14. In general I recognize the priorities Ofcom has drafted for the next year, which covers all three key issues Ed Vaizey said that the Communications White Paper will address: connectivity, content and consumer (Vaizey, 2013). As a consumer, I sincerely hope that Ofcom can develop more consumer-friendly policies, no matter in terms of helping us make informed choice or informing us about possible adjustments needed due to spectrum policy changes. I also hope that Ofcom can lead us into the future era of communication by addressing various issues such as broadband connectivity and convergent content regulation.

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