



Comhairle Ceantair
Lár Uladh
Mid Ulster
District Council

MID ULSTER DISTRICT COUNCIL'S CONSULTATION RESPONSE TO DESIGNING THE BROADBAND UNIVERSAL SERVICE OBLIGATION

JUNE 2015

1. INTRODUCTION

The Mid Ulster Council represents a population of more than 141,000 people across 1,714 km² i.e. 14% of the NI land mass. The Mid-Ulster sub-region is dominated by the small business sector, in that 99% of the area's 10,415 businesses employ fewer than 50 people.

In the Mid Ulster there continues to be a need to improve connectivity infrastructure through investments, which will improve access to services and allow businesses to operate competitively, on a local, national and international level. On a variety of economic and social indicators the Mid Ulster area is disadvantaged compared to other areas of Northern Ireland. This must be addressed or it faces a continuation and widening of inequality of economic and social outcomes.

The Council believes that this consultation is timely to ensure the current system is reformed and properly reflects the economic climate, modern business practices and needs of the local area to ensure sustained growth and enterprise.

Our position from the outset is:

- The defined target speed of 10Mb/s will not meet the future needs of the Mid Ulster economy
- The provision of a 10Mb/s download universal service is technically unattainable with only conventional 'Fibre to the Cabinet' solutions.
- Failure to provide universal, fit for purpose, broadband connectivity will continue to have social and regional policy implications

Mid Ulster Council agrees with the Government that a Universal Service Obligation (USO) is needed. High speed internet access is not only a business need, but is seen as a right. The government should go further in setting out a separate business USO as distinct to households and specify within that the business USO upload and download speed requirements.

2. RESPONSE TO CONSULTATION QUESTIONS

The following sections provide a question-by-question response to the OFCOM consultation document.

CONSULTATION QUESTION 1

How should the minimum technical performance of the USO be specified?

The Council believes the government should set out a USO that covers both download and upload speeds. For businesses, the ability to send data at the same speed as receiving is critical, particularly as more services move to cloud based solutions.

Business and residential universal services could be different in both performance and price. The Council suggests a separate USO for businesses who require Superfast broadband due to requirements regarding the need for different upload and download speeds. 10Mb/s may be acceptable for residential broadband packages but not for Businesses.

A broadband universal service must be forward-looking and the promise of 10Mb/s today may not meet the needs of users in the near future.

CONSULTATION QUESTION 2

How should we ensure the USO is affordable? Should there be a social tariff for broadband services?

To date the charge has depended on the cost of provision and expected returns to the provider (Share Holders). As we know not all potential Residential and Business users requiring new and/or existing infrastructure will

not be the same.

Previous Ofcom research in 2014 showed that affordability was secondary to other barriers to broadband take-up for most groups. Lack of understanding of technology and the potential benefits of broadband has been a major barrier to people using it. Government must continue to work with organisations such as Councils to educate and inform potential users regarding broadband services.

Furthermore if funding was available through Councils for a pilot to employ delivery agents to educate people on the benefits of broadband it could have the potential drive take-up and use (see [Tinder report](#)). Higher take-up through spreading costs more broadly could reduce the cost of provision. Government and Ofcom should consider a general condition requiring all providers of broadband to the general public to include in their portfolio of offerings an affordable entry-level package. A broadband universal service scheme for providing low-cost end-user equipment to reduce upfront costs should be revived – especially important for families with school children. Government could consider either vouchers or supporting people on benefits.

CONSULTATION QUESTION 3 -

What might the potential demand for the USO be?

It would be anticipated that future broadband would be greater than it is today. More than likely 10Mb/s will not meet the future needs of the economy.

It is quite possible that 'Fibre to the Cabinet' will not be fit for purpose in the near future as it will not deliver the expectations needs of the users. It is hoped that the current FTTC investment will not be a major constraint to future economic growth. New models are needed.

As the Tinder Report shows demand will depend very much on peoples understanding of the technology and with this comes people greater knowledge of what is or is not a satisfactory provision. This increase in for potential demand and widespread dissatisfaction can no longer be ignored as it is now.

The Republic of Ireland has launched its broadband universal service programme to bring "Fibre to the Home" to all rural areas by the end of 2022. Main land Europe no longer employs the FTTC model and countries such as Holland report a third of all homes now enjoy FTTH connectivity. Therefore the potential demand for the USO is likely to exceed 10Mb/s.

CONSULTATION QUESTION 4 -

How should the universal service provider be designated?

An open competition would be the fairest way but tenders should be assessed taking account some social aspect, quality, value for money to the tenderer not the tenderer and of likely future costs for upgrade, where this will be necessary.

CONSULTATION QUESTION 5 -

How could any potential market distortions of competition be minimised?

This is a Government function. Well-regulated, competitive markets can maximise consumer welfare and raise economic growth. When markets work well, firms thrive by providing what consumers want better and more cost-effectively than their competitors. It is the Governments responsibility to ensure that effective competition provides significant benefits for consumers through greater choice, lower prices, and better quality goods and services.

Ensuring competition exists that also provides strong incentives for firms to be more efficient and innovative, thereby helping raise productivity growth across the economy. Left to their own devices, however, markets will not necessarily deliver the best outcomes for consumers.

The Government needs to put in place rules and regulations that determine appropriate conduct of firms and individuals, and the means necessary for enforcing them. Markets thus do not exist independently of Government, which has a legitimate role in intervening in and shaping them.

CONSULTATION QUESTION 6

When, and on what basis, should the USO be reviewed?

Requiring Ofcom to review the USO, as appropriate, to ensure that in future it continues to reflect connectivity needs, including whether the minimum speed needs to be updated is a positive step. This will hopefully highlight and bring to the fore those Residential and Business users that rely on the USO, do not fall behind as demand for faster broadband connections grows, especially in the rural areas.

A formal review of how well the scheme has met its objectives should take place every 2 years. Review must centre on progress being made by an increase in broadband uptake, reliability and satisfaction levels.