

Date : 22nd June 2016
To : OFCOM
From : Gemma Thomson

DESIGNING THE BROADBAND UNIVERSAL SERVICE OBLIGATION

1. NFU Scotland (NFUS) represents over 9,000 farmers, growers, and crofters in Scotland. NFUS welcomes the opportunity to respond to this consultation. Many NFUS members, particularly those in rural areas report that their broadband connection is very poor, leading to serious issues for their business. NFUS urges OFCOM to consider businesses as a priority need when considering how the USO will function.
2. NFUS notes the UK Government and Scottish Government's commitment to improving broadband, however feels that there are important issues which need to be considered. There is an increasing divide between provision in urban and rural areas. In urban areas technology continues to improve at a fast pace, whilst the higher costs associated with rural areas mean that the gap between urban and rural is widening.

How should the technical performance of the USO be specified?

3. NFUS feels that the technical specification of 10Mbps/s is very low, and has concerns that this will not be able to cope with the increasingly complex and large online forms which its membership has to complete as a matter of course.
4. In addition, NFUS wishes to point out that care should be taken to ensure that problems which are unique to rural properties (such as frequent and lengthy power outages) are taken into consideration.

Should there be a social tariff for those on low incomes?

5. Scottish agriculture is current experiencing an unprecedented period of sector wide low commodity prices. Combined with relatively high input costs, many NFUS members are earning below the minimum wage. Some form of social tariff would be supported, on the proviso that it did not exclude those who are self-employed or employed by family members.

What might the potential demand for the USO be?

6. NFUS is pleased to note that the document states that rural Scotland is disproportionately affected in comparison to the UK as a whole where broadband is concerned. In terms of its membership, NFUS considers that any measure to improve on broadband speed and availability would be welcomed, however it has concerns that the technology available in some rural areas may run counter to this demand.
7. NFUS notes from a previous OFCOM publication, that concern has been raised over the difficulty in connecting all properties via fixed means. NFUS understands that the actual number of properties which are able to benefit from a USO is yet to be determined, and suggests that this is considered as a priority.

Cost evidence

8. For the reason noted above, NFUS has concerns that the objective of putting fibre into all properties may not be possible.
9. If the USO is publically funded, NFUS suggests that private companies which benefit financially from the USO should have some obligation to reinvest this back into the network.
10. NFUS also wonders if there is merit in considering allowing landowners to install their own instillations, in an attempt to manage costs.

Proportionality and 'reasonableness of request'

11. NFUS feels strongly that all NFUS members should have access to broadband, at a reasonable speed which facilitates their business activities and allows them to remain competitive and compliant.

12. NFUS notes concerns over cost of reaching more remote areas at reasonable cost. NFUS suggests that only by ensuring that there are a number of providers in a competitive market will it ensure that costs are kept as low as possible.

How should the USO provider be defined?

13. NFUS feels that more than one USO provider should be identified. As noted above, the best chance of keeping control of costs and ensuring best value for money is likely to occur where there are competing interests. Commercial procurement as noted may be a suitable option for this. In addition to this, NFUS feels that a more localised approach to provision is likely to result in an approach which has a better understanding to localised needs and challenges.

When and on what basis should the USO be reviewed?

14. NFUS agrees that the USO should be reviewed. It suggests a period of 3 years would be long enough to give a period of certainty, whilst ensuring that changing needs can be met if required.

Ends.