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Thank you for the opportunity to provide input to Ofcom's analysis of the options for designing and implementing the broadband Universal Service Obligation (USO). The broadband USO is indeed a very welcome development, particularly for Northern Ireland, where topography and dispersal of premises makes it difficult for operators to make a commercial case for deploying infrastructure and providing services in remote and rural areas.

This response is provided by the Department of Enterprise, Trade and Investment (DETI) which carries the responsibility in supporting investment in telecommunications infrastructure, facilitating improvements in broadband, mobile and international connectivity on behalf of the Northern Ireland Executive.

In our view many of the questions posed are for the industry to address and so, rather than respond to each individual question, the Department's response is framed within the context of the overarching issues. A consultation coversheet is also attached as requested.

Specification and the Scope of the USO

In determining the technical performance of the USO, the Department notes that the proposed minimum speed is set at 10 Mbps. Given the high adoption rates experienced in recent years for new equipment including tablets and smart-phones and, the rising demand for bandwidth hungry applications and services such as video/TV on demand, music streaming etc, our preference would be for a USO with a minimum requirement that is more closely aligned to the ambitions of the EU Digital Agenda.

In this regard and, as Ofcom will be aware, Northern Ireland shares a land border with the Republic of Ireland. The Irish Government has already announced plans which will give all premises in Ireland access to a minimum connection of 30 Mbps by the end of December 2020. This could place Northern Ireland at a competitive disadvantage if the UK USO is set at a less ambitious level.

In terms of affordability, we recognise that this is a key issue for both the consumer and the universal service provider(s). In our experience, the consumers in rural areas

expect to have access to broadband services that are equitable in quality and pricing to urban areas. We would ask that Ofcom bears this in mind as it attempts to strike a balance between the needs of the consumer with the obligations to be placed on the provider(s).

In doing so, Ofcom may wish to consider precedents that have been set by other utilities such as Northern Ireland Water which has established charges for standard and non-standard connections to the public water main or sewer.

In establishing tariffs for USO services, we would also ask Ofcom to bear in mind that around 21% of individuals in Northern Ireland were in poverty in 2013/14¹, while benefits and tax credits contributed 21 per cent towards household income².

Demand for the USO

The Department estimates that once the investments in telecommunications infrastructure under the Northern Ireland Broadband Improvement Project (NIBIP) and the Superfast Roll-out Programme (SRP) have completed in December 2017, some 70-80,000 premises (8-9% of the total) across Northern Ireland will still be unable to access a broadband service of 2 Mbps and will qualify for the USO. If Northern Ireland's current take-up levels are retained, around 50- 58, 000 of these are likely to utilise the USO – this figure could be lower depending in the technology used as, in our experience, the options of wireless and satellite services are not as popular with the Northern Ireland consumer as they are in other parts of the UK.

In addition, around a further 30-40,000 will be achieving a connection of between 2 Mbps and 24Mbps. Some of these premises would therefore qualify for the USO but the numbers would be difficult to determine.

Cost, proportionality and efficiency of the USO

We believe that the evidence in this section should largely be provided by the industry. However, there is one point we would like to make. It is unclear whether the broadband USO is designed as a replacement for the current USO, which covers voice and basic internet access, or is additional. If the latter, we would foresee a scenario whereby a consumer, who has a telephone line installed and later seeks to have a broadband service, could have to pay two installation charges. In addition, having two separate USOs could lead to market confusion. Some clarification would be welcome.

The Universal Service Provider or Providers

With regard to the designation of a provider(s), we would suggest that the broadband USO provides an opportunity to stimulate secondary markets and enhance competition. The process for identifying a provider(s) should therefore be open and allow for

¹ Northern Ireland Poverty Bulletin 2013/14 (DSD)

² Family Resources Survey for Northern Ireland 2013/14 (DSD)

collaborative bids/applications. We would suggest that Ofcom also explores the potential for the USO to be designated in lots or on a regional/sub-regional basis which may provide more opportunity for the smaller, alternative networks operators to get involved in the process.

Review of the USO

It is our view that a first review of the broadband USO should be conducted after a short period of time, say 1 to 2 years, in order to assess its initial impact on access, with a view to longer periods thereafter.

Cover sheet for response to an Ofcom consultation

BASIC DETAILS

Consultation title: Designing the broadband universal service obligation

To (Ofcom contact): Broadband USO Team

Name of respondent: Department of Enterprise, Trade and Investment

Representing (self or organisation/s): Organisation

Address (if not received by email):

CONFIDENTIALITY

Please tick below what part of your response you consider is confidential, giving your reasons why

Nothing

☒

Name/contact details/job title

☐

Whole response

☐

Organisation

☐

Part of the response

☐

If there is no separate annex, which parts?

If you want part of your response, your name or your organisation not to be published, can Ofcom still publish a reference to the contents of your response (including, for any confidential parts, a general summary that does not disclose the specific information or enable you to be identified)?

DECLARATION

I confirm that the correspondence supplied with this cover sheet is a formal consultation response that Ofcom can publish. However, in supplying this response, I understand that Ofcom may need to publish all responses, including those which are marked as confidential, in order to meet legal obligations. If I have sent my response by email, Ofcom can disregard any standard e-mail text about not disclosing email contents and attachments.

Ofcom seeks to publish responses on receipt. If your response is non-confidential (in whole or in part), and you would prefer us to publish your response only once the consultation has ended, please tick here.

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Name Mike Thompson

Signed (if hard copy)