

NFU Consultation Response

Ofcom Strategic Review of Digital Communications

To: Digital.communications.review@
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Date: 07/10/2015

Ref: NFU/Policy/Digital
Communications

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NFU Consultation response to the Ofcom Strategic Review of Digital Communications Discussion Document.

We welcome the opportunity to respond to this consultation to provide evidence from our members as stakeholders (as consumers and businesses and as landowners). The NFU represents 47,000 farm businesses in England and Wales, in addition we have 40,000 countryside members with an interest in farming and the countryside. In our response we set out seven cross cutting recommendations for Ofcom, which we then expand upon within the context of the Ofcom Future Policy Challenges.

We would be pleased to discuss any issues raised in this consultation response with Ofcom, the English and Welsh Governments and the digital communications industries. We have a particular interest in seeking to overcome the barriers to getting our members superfast broadband connections and a quality voice, text and high speed data mobile signal across their farms.

Our seven cross cutting recommendations for Ofcom are.

1. To prioritise the completion of our superfast broadband and mobile phone infrastructure. Demand for high quality telecoms is being driven by changes to governance, regulation and service provision (built on an assumption that there is easy access to superfast internet services and mobile phone coverage). Specifically for the agricultural sector there is a need to be connected to increase productivity in food supply to meet the needs of our growing population, to diversify farm businesses and to support family life.
2. To ensure targets and regulation are meaningful for those living in rural communities and other 'white areas' where only limited services are available. Just because a service is available in theory for a particular postcode is different to is actually being available on farm. We would ask Ofcom to put measures into place to ensure targets will actually deliver on the ground.
3. To further investigate what market failure actually means in practical terms for those who cannot get a service, including what barriers the industry and government regulation are currently creating.
4. To prevent exclusion, for example by allowing consumers to continue to have a fixed telephone connection at home (the traditional Public Switched Telephone Network) where there is no reliable or affordable replacement.
5. To incentivise the digital industry to work with those communities and landowners who can help them reach full market coverage and develop a fair way of connecting to existing digital infrastructure.

6. To work with other regulatory bodies and devolved government bodies who can help unlock issues such as access to electricity supply and ensuring all stakeholders have access.
7. To promote the delivery of superfast broadband speeds in line with the [Digital Agenda for European Standard](#) of achieving 30mps superfast speeds voluntarily, if industry stakeholders can work together to achieve this. If a decision is made to introduce a Universal Service Obligation this will need to deliver superfast speeds to avoid creating a greater digital divide.

Investment and innovation, delivering widespread availability of services.

We believe Ofcom has a role in incentivising private sector investment into completing our digital networks in England and Wales.

NFU members need to engage in agri-technology to farm more efficiently which means new markets for the use of telecommunications. For example for applications which allow security, temperature monitoring, weather forecasting and animal welfare; machine to machine technology; and faster interpretation of GPS collected data.

A quality voice and text service remains a pre-requisite of an efficient farm. It is also important for the farm supply chain networks of vets, agricultural suppliers, land agents and agronomists. Telecommunications models that deliver broadband, text and quality voice are therefore still important for the agricultural sector.

Our members may be perceived to be a 'niche group' in terms of market trends and we do represent a number of diverse family based SME businesses whose business is connected to the land. However our members are an essential part of the wider food chain estimated to be worth £102 billion in 2013 to the UK economy (Defra Agriculture in the UK 2014). The agricultural sector is also essential to the UK in terms of food and farming, providing renewable energy and conserving the countryside.

The NFU welcomes the fact that the key goal of the Ofcom strategy *is to make sure that UK citizens and businesses are served by high quality, widely available telecoms, both fixed and mobile (paragraph 1.14)*. Our concern is that we fail to have a clear idea of how exactly Ofcom plans to speed up delivery of fast, reliable and affordable telecommunication services for our farmers and growers and their rural communities.

The NFU has researched our own member's experience to help inform this consultation. This confirms that the delivery of rural broadband and mobile phone infrastructure is lagging behind demand, affecting our member's ability to run efficient businesses and maintain family life.

Our member evidence is that often only the very basic infrastructure is in place. 88% of our members receive broadband speeds of 2 megabits or less (please see Table 1). Government funded schemes are not delivering to the most remote or difficult to connect communities. In England we don't currently have any Government targets for delivery in the Productivity Plan or the Rural Productivity Plan for the last 5% of superfast broadband. This is at a time when we are seeking to develop a 25 year Food and Farming Plan.

Table 1: Comparison of NFU member survey evidence to Ofcom Consultation Document figures

Ofcom	NFU
Superfast 30mbps can deliver to 83% of UK premises, nearly 1 in 3 connections is superfast. Superfast take-up 32%	Superfast 24 Mbps to 8% of members surveyed includes satellite connections. 4% can get speeds above this. 4% have no coverage and the remainder have up to 2 Mbps.
2/3 rd UK adults own a smart phone and over half a tablet	56% have a smart phone or tablet (70% a phone that can get broadband)
97% outdoor and 83% indoor 2G mobile phone coverage	1 in 6 has voice coverage across the farm
90% 4G coverage from 1 mobile network operator, 42% from all operators	30% 4G coverage for members who own a smart phone (57% of overall sample)

Ofcom from data quoted in the Executive Summary

NFU research (July to August 2015) collected randomly from over 500 of our English and Welsh members by telephone research, with over 300 more members providing their views online. Results may be slightly more favourable as the person who used digital services responded to the survey.

Our members are also concerned about the slow roll out of mobile phone coverage through the Mobile Infrastructure Project. This is based on member's own experience as landowners (many of which would be interested in hosting a mast). £150 million may have been committed to providing the capital costs of delivering a network, but only three mobile infrastructure masts have to our knowledge been erected.

It is important for Ofcom to understand whether this project is going to work and provides value for money or whether there need to be further intervention in the mobile infrastructure market to tackle market failure.

We also understand that there should be at least 95% indoor coverage of 4G mobile by 2017, but we know that currently only one in six of our members can get a mobile signal across the farm and only 30% of those with a smartphone have a 4G signal. Again we ask Ofcom to investigate whether this programme could be fast tracked for our rural communities?

In addressing issues of investment and innovation and seeking to deliver widespread availability of services we believe Ofcom needs both to understand the impact of this market failure and put in place initiatives that will directly address this. When the UK's progress on delivering broadband is benchmarked against Europe, the evidence is that we could be doing more to ensure businesses benefit from our digital economy and this is especially true for the agricultural sector.

A true digital economy is one where businesses take full advantage of the possibilities and benefits offered by digital technologies, both to improve their efficiency and productivity, as well as to reach customers and realise sales. Businesses in the United Kingdom are not fully taking advantage of these possibilities.

[Digital Agenda for Europe](#) (October 2015)

Sustainable competition, delivering choice, quality and affordable prices.

NFU members are interested in getting affordable, reliable and fast connections to broadband and mobile phone rather than specifically favouring one model of delivery or technology over another. We are interested to see how Ofcom can regulate to develop a competitive rural market, to prevent monopolies continuing where they stifle market choice and promote both established and new operators deliver services.

Mature urban based broadband competition models which drive down prices and increase choice are rarely available for our members, although there is more competition in the mobile phone market. Geographic coverage is often the main factor determining what form of telecommunication infrastructure is chosen.

Often more expensive local wireless or satellite systems are chosen to boost signals beyond basic broadband, with members then switching to superfast fixed broadband packages if they become available. The NFU has itself agreed a discount satellite package for our members with Avonline/Avanti to provide up to superfast services to those who would otherwise have basic broadband.

We are interested to see how fibre to the premises will impact on competition in Wales, where the technology has already being rolled to meet Superfast Cymru targets of 95% of premises by 2016. As technological issues are addressed there is an opportunity for costs to come down and we hope this can equally be applied in England. We would stress however that even with a network in place, affordability can be an issue and is impacting on our Cornwall members being able to get connected.

To provide a cost effective solution for our members we will need rural competition. From Ofcom's point of view we understand that this may change market structures further. It may require incentives for the telecommunications providers who specialise in alternative forms of deliver and for regulatory change to ensure they can connect to existing broadband and mobile phone networks in England and in Wales (end to end competition).

Many of our members who have developed their own connections, at much greater cost to ensure they have broadband connection, have used their land resources to host equipment and enable fibre and cable to be laid for the benefit of others. We believe that there should be measures in place to encourage, rather than stifle community focused schemes.

We would therefore ask Ofcom to investigate both end to end and access- based competition further and where possible to work with other regulators such as Ofwatt seek to promote the sharing of enabling infrastructure.

We understand that Phase 2 of the BDUK superfast broadband programme will soon starting to be delivered by local authority or Local Enterprise Partnerships, with BT in the main being the partner then delivering the infrastructure. It is important for the other telecommunication providers to complement this role out. For example to allow more digital providers to provide access between the new cable and fibre infrastructure and those farms premises deemed to be uneconomical to be connected by the programme. This would also help those who could not be connected under the Phase 1 rollout.

A specific concern of the NFU is that the majority of our members will be located outside the scope of the Phase 1 and 2 superfast delivery programmes, by virtue of their geographical locations on the urban fringe or more sparsely populated areas. In some more sparsely populated counties, such as Herefordshire, large parts of that County may remain without coverage.

At the national level we have six broadband pilots under Phase 3 of the BDUK project looking at how to target 'the final 5%' who will not get superfast broadband. This research and its practical implementation is interesting, however it is both limited in scope and painfully slow to deliver competitive solutions for our members.

Future Government funding solutions through Defra and DCLG, including using EU funding streams cannot start to be delivered until 2016/2017 given the current proposed timelines, which leaves a funding gap in place for supporting future rural broadband schemes. We believe that there may be a need for simpler and more targeted models needed to encourage competition. In many of our European partners we know there are different competition models, including in Denmark and Sweden. Therefore we would encourage Ofcom to look to how countries with sparser rural populations are completing their networks.

Within the rural areas rural broadband via mobile phone will offer genuine market advantages for our members if it can be delivered across farm, in addition to quality voice and text. Here again the lack of competition with respect of smaller numbers of providers and mast sharing issues may constrain rollout to sparser rural populations.

Our members have many restrictions over the use of their land including bio-security and animal welfare issues, as well as requirements to meet Basic Payment Scheme and Countryside Stewardship scheme regulations. Our members also face stricter planning regulations than in urban areas, given many live in a countryside which is widely cherished for its openness and landscape value. There are technological solutions for providing digital infrastructure within our farmed environments, but these can impact on cost to consumer.

The NFU has been involved in a number of meetings with the telecommunications industry to see whether there can be standardised Heads of Terms for legal agreements. To assist negotiations for landowners and digital providers and to ensure both get a fair deal. This has not been achievable to date for openreach and agreements for mobile phone infrastructure may have to change to accommodate a revised Electronic Communications Code. Our evidence to date is that sites are being provided at very competitive rates for the mobile provider on farm land.

Therefore we believe Ofcom need to consider how it can work with stakeholders and the wider digital communications industry to stimulate demand for wider market solutions.

Empowered consumers and businesses, able to take advantage of competitive markets

Effective broadband to run efficient farm businesses is critical for us to be able to compete in the global farming market; to increase our food self-sufficiency levels (currently estimated at 62% of our country's needs) and to feed our growing population. According to Eurostat projections, the UK's population will continue to grow faster than any other large EU member States. By the mid-2040s the UK will be the most populous country in the EU. For farming, population growth presents both opportunities and challenges. Positively, a growing domestic market means greater potential for UK sourced food and renewable energy provided by UK farmers. However, it also means increased competition for labour, land and water. Currently UK farm production levels are falling and without an adequate broadband and mobile phone system our member's ability to farm efficiently will continue to be hampered.

We ask for Ofcom to review how it measures success. Measuring broadband by 'premises' or the delivery of a service to a postcode does not provide an accurate picture of what is happening on the ground and won't make sure services are actually available in areas not deemed to be commercially viable.

It is difficult to obtain meaningful data based on premises and postcodes in order to complete the superfast broadband network. Many of our members own farms that span postcode areas, but don't have an easy access from a fibre enable cabinet and don't operate as discrete premises. They live and work across many acres of land, outdoors and indoors. 56% have other diversified activities on farm, so more businesses and consumers who work, live and visit the countryside helping maintain viable farming communities.

We need consumer targets which make sense to those who need to understand both the markets to be connected and those who want connecting, that way the possibility for machine to machine technology to be increased on farm can be understood as well as the need for a farmer to access a mobile or broadband signal in terms of reliable geographic coverage.

To actually empower consumers within rural areas, we need information provided offline and realistic information provided about delivery and cost of services. Parish and community councils can often provide information offline to their communities. Neighbourhood planning groups are now being set up across the country and there is a wide connection of rural based organisations in many parishes in addition to a NFU network across the country.

Farmers and their rural communities use the farm calendar of farm and county shows to meet up. There are industry specific and technology shows, in addition to NFU organised events where Ofcom and the digital industries could get involved in finding out more about target markets and also to talk about what specific issues impact on the delivery of infrastructure.

Targeted regulation where necessary, deregulation elsewhere

The NFU believe it is premature to suggest switching off existing telecommunications services unless there is an alternative affordable, reliable service available for all. It is important therefore for Ofcom to review its targets and get a clearer picture of what infrastructure is in place and also to engage the wider stakeholder community before setting any targets for the future. The impact that this will have on the consumer should be the primary consideration in decision making.

Currently our members and their communities still rely on traditional phone lines, and switching off services prematurely will impact on health and safety on farm as well as discriminating against those who will struggle to take up new technologies.

NFU Cymru members were amongst residents left without any form of telecommunications for ten days when a thunderstorm caused a fault to the fixed telephone network in Staylitttle, Powys. The antiquated system has created problems on a number of occasions and delayed repair times. There is no broadband or mobile phone provision in the village.

The majority of our members also rely on copper access network. It would be detrimental to our agricultural and wider rural economies to switch off this service without any viable alternative already been in place. The NFU have received a considerable amount of member evidence that existing systems may not be being maintained to the same standard as may have happened in the past. There are more breakdowns in service and longer repair times. Members are only compensated for the line costs during this time, which does not reflect the impact this has upon their businesses.

The NFU believe there is a need to consider how regulation can be used to complete the broadband and mobile phone network and moreover ensure that services are provided through that network. Market failure occurs not just because infrastructure cannot be provided commercially but also because services cannot be run commercially if the prices and packages are too high. This is different to a lack of demand and an inability to engage.

The NFU would always seek to reduce avoid regulation but appreciates this is sometimes necessary when there is market failure and an adverse impact upon stakeholders. The need for incentives and targeted Government funding, such as the current Welsh Government voucher scheme, which does not exclude the farming community may also be useful.

If voluntary targets cannot be met for mobile service (for example the commitment to provide 90% geographical coverage for mobile voice) there may be a need to regulate to get a service in place or to provide a targeted discounted scheme to provide and pay for services.

With respect of broadband if voluntary targets cannot provide a complete superfast network, there may be a requirement for a Universal Service Obligation to be imposed to deliver these speeds, with the necessary regulatory and financial incentives to make this happen.

If a low standard of 5-10 Mbps is set this would potentially become the maximum a competitive telecommunications industry would provide, which would increase the digital divide as other consumers move to 100Mbps speeds.

The NFU would ask Ofcom to use this review to look at how regulation can be used to deliver better telecommunications services, for example to challenge why major infrastructure projects being developed within our countryside cannot provide digital infrastructure links to those farms and communities who adjoin them.

The NFU understand that there are a number of smaller digital operators entering the telecommunications market, who may be able to work with our members to provide services. Furthermore our own members and their communities may want to be able to provide their own connections more easily. This may further regulation to enable competition to work and for consumers to be protected:

- To allow access the existing infrastructure networks and ensures that these networks are maintained.
- To ensure any government funding streams can be targeted to these groups.
- To ensure that coverage can be maintained if an individual business fails.

We would ask Ofcom to work with the English and Welsh Governments to look at whether the currently used funding models are appropriate to supply services and whether targeted funding aimed at the agricultural sector and rural communities will work better.