

Response to Ofcom's Draft Annual Plan 2012/13

Ofcom's Advisory Committee for Northern Ireland

Ofcom's Advisory Committee for Northern Ireland (ACNI) welcomes this opportunity to comment on Ofcom's draft Annual Plan for 2012/13. Our comments are presented in line with the five strategic purposes and proposed priorities outlined in the plan.

To begin with, we make three comments on the presentation of the 2012/13 draft plan.

1. The style of the report is straightforward and clearly structured, consistent with the 2011/12 plan, and this is to be welcomed.
2. ACNI would support the inclusion in the final plan, and in future years' plans, of a specific Nations section. Drawing together and highlighting specific regulatory issues which are of particular relevance to Northern Ireland, Scotland, Wales and England would not only demonstrate that Ofcom understands and takes the concerns of each nation seriously, but it would also benefit local stakeholders, enabling them to track progress more easily on issues which are relevant to them.
3. It is pleasing to note the explicit statement that *"the needs of consumers and citizens are at the heart of our programme of work"*. As the Plan notes, the communications market is developing rapidly. It is vital at this point to consider what the communications needs of consumers and citizens are in the 21st century and what role the universal service obligation should play with the introduction of new technologies. Now that Postcomm's responsibilities have moved into Ofcom, there is an opportunity to consider communications needs as a whole.

Strategic Purpose 1: Promote effective and sustainable competition

Northern Ireland has benefitted greatly in recent years from well considered and timely public investments in first and next generation broadband infrastructure, led by the Department of Enterprise, Trade and Investment (DETI). The result is that Northern Ireland leads the UK in the availability of Fibre To The Cabinet broadband connectivity. ACNI is encouraged that the regulatory framework which Ofcom has put in place for next generation broadband is already delivering retail competition in Northern Ireland. We would hope that the framework will encourage further investment and competition to supplement the superfast broadband services already available, and to the benefit of consumers.

In the context of the proposed Narrowband Market Review, ACNI would encourage Ofcom to continue to use vehicles such as the Northern Ireland Telecoms Stakeholders' Forum to help ensure that the wholesale telephony market in Northern Ireland operates in a transparent and equitable way.

Strategic Purpose 2: Promote the efficient use of public assets

ACNI welcomes the second consultation on the auctioning of the 800MHz and 2.6GHz spectrum bands for '4G' mobile services which is considering specific coverage and competition issues. ACNI intends to respond to this consultation separately. In the meantime, we signal our support for an increased coverage obligation on one of the 800MHz licences to 98% of the UK population and achieved in a way which would map onto the current 2G coverage as well as the additional 2G coverage expected to be delivered by the

UK Government's Mobile Infrastructure Project (MIP). In order to deliver the maximum benefit to citizens and consumers, ACNI believes there should also be a guaranteed minimum 4G coverage obligation of 95% by population for each nation.

ACNI would also encourage Ofcom to consider introducing a suitable 'use-it-or-lose-it' mechanism for future UK-wide spectrum awards, whether for 4G or other services, in order to avoid valuable spectrum lying fallow in parts of the UK – such as Northern Ireland – where licensees may have less incentive to roll out services.

Strategic Purpose 3: Help communications markets work for consumers

ACNI would suggest a small but significant change of emphasis here. Rather than to *'help communications markets to work for consumers'*, it would be better to *'ensure that consumers' communications needs are met and that they are well served by, and benefit from, effective and efficient markets'*. This change of emphasis puts the customer at the centre rather than the provider.

ACNI welcomes Ofcom's ongoing commitment to make the process of switching communications provider easier for consumers. Ofcom's own research in recent years has shown that consumers in Northern Ireland are less likely to switch providers than their peers in other parts of the UK. While the reasons for this could be complex, ACNI welcomes the proposed review of switching processes which could help reduce possible barriers to switching and encourage consumers in Northern Ireland to shop around for the best deal.

ACNI looks forward to engaging fully in the proposed assessment of users' needs in relation to postal services. There are a number of economic and geographical factors which combine to set unique challenges to Northern Ireland's postal service and we would urge Ofcom to be mindful of them as it conducts its review.

For example, the one-price-goes-anywhere universal service has particular significance for Northern Ireland given the region's high percentage of rural addresses and the fact that Northern Ireland is the only region to be entirely served by air and sea. Also, Northern Ireland's land border with the Republic of Ireland means that cross-border mail – which can be particularly important to local businesses – can face higher prices and longer delivery times.

ACNI welcomes the fact that the review of postal users' needs will focus on business as well as residential consumers. We highlight the fact that in Northern Ireland the business market is dominated by small and very small businesses. Research by Consumer Focus Post suggests that SMEs have a greater reliance on an efficient postal service for the survival and growth of their business.

ACNI is encouraged by the proposal to assess the provision of communications services in the nations. As we have identified above, Northern Ireland can face unique challenges, and can achieve significant successes, in how communications services are delivered. We welcome the proposed focus on how rural consumers in particular are being served in the nations and ACNI looks forward to playing a supporting role in this project.

Ofcom's ongoing annual Communications Market Report is highly valued and referenced by stakeholders in Northern Ireland and ACNI encourages Ofcom to continue to invest in and develop this important piece of research which shines lights into all parts of the local communications landscape. Similarly, Ofcom's first Infrastructure Report has provided a level of detail on the availability of broadband, mobile and radio services which was not previously in the public domain and we look forward to the publication of revised editions. All

these research initiatives play a vital role – they provide practical information which consumers and organisations can use and they help Ofcom make informed policy decisions.

While an adequate supply of information is necessary in order for consumers to benefit from effective markets, there are necessary cautions about the provision of information. ACNI would encourage Ofcom to establish and understand fully how consumers make decisions and the role which information plays before assuming that more information will help. Behavioural Economics research indicates that even where information is useful to consumers it is unlikely to be sufficient on its own to deliver all the appropriate outcomes; and it must not be overwhelming in appearance, which can have the reverse effect to that intended.

There are still concerns that complaints processes and access to redress are complex and not sufficiently transparent to consumers. That said, the provision of further information for consumers during the past year – for example, the quarterly bulletin on telecoms complaints to Ofcom – is a welcome move. Dealing with faults and complaints is stressful and frustrating for consumers and as more people go online, and public services are increasingly provided in digital formats, fault resolution needs to be a faster and less cumbersome process free from perverse incentives.

Strategic Purpose 4: Provide appropriate assurance to audiences on standards

Both consumers and SME's need a trusted online environment. In light of the European-wide concern with citizen data protection, the current economic climate, the impetus for growth and the increasing threat of cybercrime, we would encourage the consideration of this area as a priority. A greater focus in this area could bring about significant benefits for consumers and citizens and will be particularly important as more public and commercial services are delivered online, and are time-dependent, placing greater burdens on the networks that underpin them.

ACNI notes the overall success of the community radio sector in Northern Ireland. We welcome Ofcom's plans for a third round of community radio licensing in Northern Ireland in 2012 and we hope that this will help the sector to grow further, despite the increased pressure on funding which many stations face.

Strategic Purpose 5: Contribute to and implement public policy defined by parliament

In its response to Ofcom's Draft Annual Plan for 2011/12 ACNI highlighted its concerns regarding poor mobile coverage (2G and 3G) in Northern Ireland, the cost of mobile roaming along the border, and the need for spectrum awards to take these into account by setting specific coverage targets for Northern Ireland and other parts of the UK similarly affected. ACNI asked that Ofcom recognise that in the Northern Ireland economy, which is heavily dependent on small and very small businesses, access to mobile voice and data communications is of high importance.

ACNI therefore welcomes the attention given in the draft Annual Plan for 2012/13 to dealing with mobile not-spots and to promoting widespread superfast broadband. We continue to be concerned about inadvertent mobile roaming, the availability, not just of mobile voice coverage, but of 3G and, eventually, 4G coverage and of competitive offerings for the citizens of Northern Ireland. We would urge Ofcom, therefore, to ensure that there is maximum co-ordination and "joined-up thinking" between Ofcom's Mobile Not-spots project, the UK Government's Mobile Infrastructure Project, the conditions regarding coverage obligations contained in the 800MHz and 2.6GHz licences and the possible availability of investment funds from DETI, to address infrastructure deficits.

In relation to the licensing of local TV services across the UK, ACNI welcomes plans to licence a station in Belfast in the first tranche of licensing in 2012/13, and stations in Londonderry/Derry and Limavady in the second tranche of licensing.

In terms of Ofcom's work on media plurality, we would encourage Ofcom to take into consideration the rich diversity of media available to people in Northern Ireland – from BBC NI and UTV to TV channels from the Republic of Ireland, local TV and commercial and community radio – and to do all it can to ensure that this remains. In this context, ACNI looks forward to the successful completion of Digital Switchover in Northern Ireland in October 2012 and the widespread availability in Northern Ireland of digital TV services from RTE and TG4.

Ends

17 February 2012