



## **Pembrokeshire County Council consultation response to:**

### **Assessment of future mobile competition and proposals for the award of 800 MHz and 2.6 GHz spectrum and related issues**

#### **Introduction**

[Pembrokeshire County Council](#) recognises the importance for rural areas of this planned spectrum auction and the possible outcomes, both economic and social that could be delivered if such spectrum was utilised at an affordable cost in rural Wales.

Pembrokeshire County Council has been lobbying for improved broadband and mobile telephony for a number of years and undertook a detailed (Economy Overview and Scrutiny study) review of the impacts and implications which involved OFCOM in 2009. There have been numerous studies such as the Mid Wales Economic Forum's report 'Pushed to the Periphery' that have been produced over the last 5 years all concluding that the current free-market approach has succeeded in creating a "two-speed economy" and society of 'haves' and 'have nots' that has further marginalized individuals and communities, and undermined our competitiveness.

The primary consideration of this response is that of telecommunications market failure in rural Wales and what the release of this spectrum could achieve for rural areas and communities. There is a clear need for intervention to assist rural economies and to promote economic regeneration, to stimulate social inclusivity and create a level playing field across the UK in terms of the availability and coverage of affordable high speed mobile networks.

The possibility of an LTE/4G high speed network covering a rural area has already been demonstrated in Pembrokeshire through the trial by Arquiva, partnered by Alcatel-Lucent in the Preseli Mountains, following the digital switch over in Wales.

In Pembrokeshire, as is the case across other parts of rural Wales, there are a high proportion of dispersed micro enterprises that require affordable high speed communications to ensure business success and expansion. The availability of affordable LTE/4G services would assist in reducing the unavailability of

broadband not-spots, no mobile phone coverage, no digital radio reception and limited terrestrial television services. The fact is, that mobile phones and Internet access are no longer a luxury or for entertainment but part of the daily working and social life for individuals, families and businesses. Metropolitan areas are well catered for, it is the rural heartland that is now requiring urgent attention and this available spectrum is a solution. If it is accepted that such a service provision should be almost universal then the key question is what is an acceptable coverage level, based not solely on economic cost and returns but on direct public intervention and subsidy to ensure inclusion. An example is the supply of electricity.

*The auction of the released spectrum must consider the rurality issues and ensure that rural areas are not further disadvantaged and the lives of the rural population made more difficult by being excluded. Additional coverage obligations are required to ensure appropriate rural geographical coverage.*

### **Consultation questions**

***Question 5.4: Do you agree with the analysis that at least four competitors are necessary to promote competition?***

Competition brings benefits where such competition can be maintained. Rural areas cannot sustain such competition and a different approach is needed if such services are to be delivered. The creation of a single “shared” infrastructure by all the operators may be a solution in rural areas and would increase coverage. Different markets require different solutions there is no one size fitting all.

***Question 5.7: Do you consider that we should take measures to design the auction to assist low-power shared use of 2.6 GHz? If so, what specific measures do you consider we should take?***

Yes. This could be a means of ensuring services are delivered to remote areas.

***Question 6.1: Do you have any comments on the proposal to include in one of the 800 MHz licences an obligation to serve by the end of 2017 an area in which 95% of the UK population lives, while providing a sustained downlink speed of 2Mbps with a 90% probability of indoor reception? Do you think there is another way of specifying a coverage obligation that would be preferable?***

***Question 6.2: We would welcome views and evidence on the costs and benefits of imposing an additional coverage obligation focused on***

***particular geographical areas, and if such an obligation were to be imposed what might be the appropriate specification of geographic areas?***

A download speed of 2Mbps is not sufficient in 2011 and by 2017 will be woefully inadequate. The LTE technology, according to the recent trial by Arquiva, partnered by Alcatel-Lucent in the Preseli Mountains should provide an average data rate between 5 and 15 Mbs. The coverage obligation should be a minimum of 5Mbs.

The coverage obligation specified as 95% of the UK population is worrying. According to this specification the whole of Wales could be left out of coverage, yet the target could still be met. This is a very crude target.

A 95% UK percentage of population target figure will seriously disadvantage rural areas. A new obligation for rural coverage needs to be considered, together with service obligations for prioritising disadvantaged rural areas. A geographical coverage of 90% of Wales would be a reasonable approach to ensure inclusion and comparability with other areas of the UK. A target of 98% of the population of the UK would be nearer the mark.

Operators should also be required to work with unitary authorities in Wales to ensure suitable and adequate coverage of rural communities.

Care must be taken to avoid building into the auction a successful bidder creating a monopoly situation in rural areas. This could be avoided by stipulating a minimum of two operators under the coverage obligation and specifying what additional public intervention and support is required to ensure coverage to communities.

***Question 6.3: Do you have any comments or evidence on whether an additional obligation should be imposed to require coverage on specific roads?***

The road network in Wales is an important network of communication for both businesses and individuals, travelling east/west and north/south. All strategic routes across Wales, including those routes traversing isolated rural areas, should be covered by any obligation.

***Question 6.4: Do you have any comments on our proposal not to use the combined award to address existing not-spots?***

The vast majority of not-spots are in rural areas. This auction should be used to ensure these not-spots are addressed, however, this may be by fixed means rather than mobile.

***Question 6.5: Do you have any comments on our proposal not to impose 'use it or sell it' obligations but to consider including an additional power to revoke during the initial term of the licences?***

***Question 7.1: Do you have any comments on the proposals relating to the duration of the initial licence period, our rights to revoke the licence during this period, the charging of licence fees after the end of the initial period and our additional revocation powers following the initial period?***

It is most important that these licences when awarded are utilised for the greatest benefits, including the potential they offer for rural services.

There are two market areas for this auction, metropolitan areas and rural areas. Operators will reap the greatest rewards from Metropolitan areas and so will deliver there, to the detriment of rural areas. Safeguards must be built in to ensure rural areas also benefit from roll out with suitable obligations to ensure rural areas are catered for within appropriate timescales.

## **In Conclusion**

There is a fundamental balancing act with the auction. A balancing of creating the right economic conditions for operators to deliver services and reap justified rewards, which leans towards areas of greatest returns – the metropolitan landscape and the need to ensure inclusivity and assist disadvantaged rural areas which could gain so much from the spectrum being auctioned.

Past history has shown that rural areas are not served well. This is an opportunity to move away from a rigid economic model to a model that will allow rural areas to be served very well through partnership and collaboration, direct public support and intervention where necessary. The creation of suitable obligations can support this.

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