

Advice to Ofcom from the Ofcom Consumer Panel

CONSUMER
PANEL

Ofcom
OFFICE OF COMMUNICATIONS

Title of Ofcom Project:	Next Generation Access
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Introduction

1. At the Consumer Panel meeting on 10 July 2007, the Panel discussed a paper on Next Generation Access (NGA) provided by Ofcom (paper CP/2007/35). The paper set out Ofcom's views as of then on NGA and what might be the possible regulatory issues around NGA in the UK. The Panel had previously responded to Ofcom's discussion document on NGA in February 2007.

Key points from the Panel

2. The Panel as a whole believes, strongly, that an effective roll-out of NGA will be of unambiguous benefit to UK consumers, citizens and to businesses small and large.
3. The Panel as a whole also believes that it is not only possible but desirable for Ofcom to influence the scale and pace of this roll-out by the actions it takes – and the regulatory mood it creates.
4. That said, there are widely differing views inside the Panel about the "right" route to take to achieve an effective roll-out; and indeed what "effective" means in this context. These differing views, of course, reflect the different experience of individual Panel members. We think it is worth laying out some of the key points of these differing views rather than trying to homogenise them into a single "Panel view".

Do we know what people will use NGA for?

5. The short answer to this of course is "no". Banal as the question seems, this is of course the key to both the commercial and regulatory dilemma that the UK faces. In the absence of a clear view about private benefit, we do not have information about the value that people as consumers,

citizens and in corporate life will be prepared to place on different uses of NGA. And even less do we know what the possible public benefit might be. This in turn means that, in the absence of a well-grounded understanding of private and public value derivable from NGA, and a mechanism for linking private and public value to either private or social return, it is difficult conclusively at this moment to justify substantial private or public investment in NGA.

6. We can see that this will on the face of it make it difficult for the capital markets to allocate capital to investment in NGA; and for the public sector – however defined – to justify substantial non-market intervention.
7. The Consumer Panel has two points to offer in response to this. The **first** is that, as of now, we are all aware that applications such as IPTV and HDTV will use large amounts of bandwidth and require high speeds. We believe that people's desire to use this technology to be entertained in new ways will drive the case for NGA – even if we cannot, collectively, at this moment, be precise about what people will pay for and how much they will pay – and indeed in what numbers they will pay. We also, as a Panel, believe that NGA will offer scope for “citizen” applications which could have huge social value for people of all kinds right across the country. And we also, although this is not exactly our field, believe that businesses can and will generate a strong demand for the speed and bandwidth that NGA could offer.
8. However, we cannot at this moment advance hard evidence in support of these propositions. We are - in the light of everything we collectively know about people's voracious appetite for new applications in communications technology – holding them to be self-evident. (We realise this is somewhat outside our normal manner of proceeding.)
9. We have held a number of discussions with various stakeholders in the NGA world in recent months, including with industry, and we believe that there is an understandably sober view that where we are at the moment in the UK does not seem to give a hard basis for risking substantial amounts of either private or public capital on NGA. Our **second** point therefore is that there is a role for Ofcom in conducting some radical research intended to address the question of consumer and citizen demand for applications as yet unknown – drawing, amongst other things on experience in other countries, and on previous waves of adoption of advances in this technology. We would as a Panel be very keen to help to shape this research and would be particularly keen to see what could be done to understand better the scope for “citizen” applications, and hence to start to get a better understanding of public value.

“Regulatory certainty”

10. It has frequently been said to us in the course of our stakeholder discussions that what is needed is “regulatory certainty”. We have tried to understand what this might mean. It obviously can't mean trying to de-risk

this process. We think it means that Ofcom is being asked to state its view, consistent with its role as a guardian of competition, about physical access to a future NGA network: access by whom, on what terms and over what time scale. We believe that it would be of great help in moving forward the public policy debate on NGA if Ofcom were able to give some clarity, at the earliest practicable date, about what kind of regulatory regime it might envisage for NGA – and what kind of trade-offs might be implicit in devising such a regime.

What works – and what doesn't

11. As Ofcom is of course aware, there are at this moment numerous attempts being made worldwide to solve the public policy conundrum posed by finding an effective way to roll out NGA. Our next suggestion is that it could be very helpful in informing the debate in the UK if Ofcom were to undertake an assessment of what is happening in other countries - and what is successful and why. We believe that an attempt to get behind the headlines of the international “NGA roll out league tables” would be very helpful in getting us all into the realm of the practical. Such an assessment would, we think, have to start from a completely agnostic position about “what works” and work back towards what might - given different social structures, public/private interfaces etc - work for the UK; or perhaps for some individual parts of it.

Summary

12. The Consumer Panel:

- a. Believes, without being able to bring hard evidence to bear, that NGA is of such importance to the UK that it has the capacity to move our collective consumption of communications to a new and vital level;
- b. Would like to assist Ofcom to carry out some innovative research to assess both the private and public value of “as yet unexperienced” new applications for both consumers and citizens;
- c. Would like to see Ofcom set out as soon as possible what it believes are the regulatory options and trade-offs around NGA;
- d. And would like to see Ofcom carry out an agnostic assessment, on the basis of international experience, of “what works” when other governments/regulators seek to roll out NGA.

Consumer Panel
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