



## Communications Consumer Panel response to the European Commission's consultation on universal service principles in e-communications

The Communications Consumer Panel was established under the Communications Act 2003 as an independent advisory body. Its role is to influence Ofcom, Government, the EU, and service and equipment providers so that the communications interests of consumers and citizens are protected and promoted. Our response to the European Commission's consultation on Universal Service Principles in E-communications thus encourages the Commission to put the consumer at the centre of all decisions made on whether or how to amend the scope of the Universal Service Directive.

**Question 1: In today's competitive environment, can the market be relied on to meet demand for basic e-communications services from all sections of society, thereby ensuring social inclusiveness?**

The universal service framework needs to be enhanced to include broadband because broadband is a basic service that will soon be essential for full participation in society, and the market cannot be relied upon to provide universal access.

Recent research conducted by the Panel shows that consumers see the services delivered across basic broadband as essential, or soon to be essential, for all consumers and citizens to have access to. The research shows that we are reaching a tipping point in the UK, where broadband is moving from conferring an advantage onto those that have it to conferring disadvantage to those who do not. Please visit

<http://www.communicationsconsumerpanel.org.uk/downloads/not%20online%20-%20not%20included%20-%20June%202009.pdf> for further details of this research.

It is clear from previous network roll outs that, whilst the market will deliver broadband to much of the UK, there will always be areas where broadband infrastructure is not commercially viable. The UK Government has implemented a universal service commitment to help stimulate broadband roll out to those areas that will not be served by market-led forces alone. The fact that other EU

governments are also working to stimulate the rollout of broadband infrastructure indicates that this is a shared problem.

To deal with this combination of universal needs and market failure, the universal service framework must allow obligations to be imposed on providers in order to deliver universal broadband.

**Question 2: If not, what is the best policy to allow disabled consumers, those on low incomes and those living in geographically remote or isolated areas to access and use basic e-communications services?**

The roll out of broadband infrastructure is vital to increased access to broadband services but the full value of broadband access will not be realised without increased digital participation. Therefore, the universal service directive should focus on increasing digital participation at the same time as widening availability of basic e-communications services.

The Panel recognises the work being done as part of the post-i2010 agenda in promoting digital inclusion. The universal service obligation should be linked to this work stream.

The Panel has recently conducted research into the barriers to digital participation and concluded that there are two basic reasons why some people do not use basic e-communications services: because they cannot, due to issues of availability, cost or usability; or because they do not want to, perhaps due to anxiety about learning something new or because they do not believe the services would be beneficial to them. Any policy designed to address access to these services needs to take into account both these internal and external barriers. We will publish this research on our website in May 2010 <http://www.communicationsconsumerpanel.org.uk>

Firstly, some people without broadband at home do not use it because they cannot. Solutions to broadband availability and affordability will differ according to the economic and geographical conditions in the various Member States. Thus the universal service obligation should be flexible enough to allow governments to take action on, and fund, basic broadband access appropriate to their markets.

An enhanced Universal Service Directive should continue to require Member States to guarantee access, affordability and usability to basic e-communication services for users with complex needs, such as disabled people, older people and other people with special social needs. The Directive currently limits special measures to telephone services but these measures should be extended to include access to basic broadband services equivalent to those enjoyed by other end users. This not only includes helping people to get online and be able use the equipment and software necessary, but also to help them understand and manage the risks inherent in the online world.

Secondly, some people do not use basic e-communications services because they do not want to. There is a role here for the Commission and Member States to help stimulate participation in digital society.

There is a lot of work being done in the UK to increase digital participation and the Panel has developed a needs-based consumer framework to help the UK Government identify the areas where consumers and citizens are most likely to need help and support. This framework looks at the needs of particular groups, including disabled people, people on low incomes and people in rural areas.

There are five key areas that the Panel believes are key to increasing digital participation: getting people interested; getting people to understand the costs involved; getting them to understand how to use the equipment and services; making sure people know how to manage the risks online; and empowering people to make the most of what is available online. This framework has been adopted by the UK Government in its National Plan for Digital Participation and provides the basis for the objectives set in support of the UK Government's overall aim to get 60% of the people currently offline online by 2012.

**Question 3: Broadband for all is a widely-stated policy objective at national and European level. What role if any should universal service play in meeting this objective?**

Universal service has a vital role in ensuring reliable access to communications services for those citizens at the fringes of society - be that geographically, economically or socially - and there is a democratic need to involve all people in essential broadband services as far as possible.

The Panel recognises that the universal service framework is necessary to provide all citizens with access to the broadband services that are essential to their successful participation in society. We believe that the framework should acknowledge that universality in new communications services such as broadband may not be achieved in the same way as universality in voice telephony. The framework will need to be more flexible and evolve to reflect the developing nature of new communications services.

The Panel has developed a set of eight principles to help guide the implementation of the UK Government's Universal Service Commitment for broadband, which may also guide in the Commission's thinking on universal service. These principles were designed to help deliver the commitment so that it meets the needs of consumers in all parts of the UK. The eight principles are:

1. The Universal Service Commitment should enable consumers to carry out the online activities that they consider to be essential or will soon.

2. The Government should define the Commitment in a way that ensures quality and reliability of service.
3. The Government should help consumers to do what they can themselves to optimise their broadband connections.
4. The Universal Service Commitment should benefit people in all parts of the UK, using different types of broadband connection where necessary.
5. The Government should be proactive in identifying the parts of the UK that would benefit from the Commitment.
6. Consumers who benefit from the Commitment should have a choice of service providers.
7. The Government should ensure that the Commitment keeps pace with consumer demands over the years ahead.
8. The Government should deliver the Commitment using next-generation broadband where practicable.

**Question 5: If universal service obligations should prove necessary to achieve the policy objective of broadband for all, at what level (EU or national) should such obligations be defined, taking into account the different levels of market development across the current Union of 27 Member States?**

The Panel considers that flexibility at a national level should be a general principle informing any change to the Universal Service Directive in order to take into account specific market conditions in the member states.

The Panel considers that there should be a basic broadband connection available to all. This should mean that people have reliable and consistent access to the broadband services and applications essential to full participation in society.

The Panel recommends that a ‘consumer test’ should be applied before deciding on a particular definition of basic broadband for each Member State. This consumer test has two parts. Firstly, does the broadband connection allow consumers to use all the services that are considered necessary by them to participate in society? Secondly, is the speed in line with the average speed available to consumers in that market? Using this consumer test, the regulatory framework should allow for the definition of basic broadband to be reviewed and revised over time. The Panel has already recommended this approach to the UK Government to guide the implementation of its universal service commitment.

#### **Other comments**

Although the Panel supports the Commission’s view that broadband is the most pressing consideration for a review of universal service, the Panel questions

whether such a one-off policy intervention is appropriate in the long term. This is because the universal service framework should enable member states to put in place initiatives and funding mechanisms that will support the development of e-communications services over time.

The needs of consumers and small businesses are related to the services and applications that communications services provide, and not to the technology. The Panel recognises that the Commission concluded in its 2008 review that mobile did not merit inclusion in the Universal Service Directive. However, recent research commissioned by the Panel shows that a significant percentage of UK consumers and small businesses are frustrated with the service they receive from their mobile providers. Respondents rank network coverage as top priority, above cost, when choosing a provider, which reveals how important reliable mobile service has become to people's lives.

It is not adequate from the consumer perspective to seek only to review the universal service framework in a piecemeal fashion as new digital services appear and existing digital services develop. The move to a fully digital world is gathering apace and the Panel recommends that the Commission investigate more fully the economic and social value of communications services. This would give a clearer view of the interdependence of the different communications technologies and their place in the lives of Europe's citizens and consumers.

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