Mobile citizens, mobile consumers: Adapting regulation for mobile, wireless world

Comments of Ofcom's Advisory Committee for Northern Ireland

1. Introduction

ACNI welcomes the publication of the Mobile Strategic Assessment, providing as it does an opportunity for interested parties to comment on general trends and issues, in advance of specific regulatory proposals. We particularly welcome emphasis on citizens as well as consumers, on the new security and privacy concerns which have developed as the technology and services evolve, and on the protection of minors and the vulnerable.

We would like to make the following specific comments on the document:

2. Availability of advanced mobile services

ACNI notes with interest the statistics provided in Chapter 5 on the geographic and population coverage of 2G and 3G phones in the nations and regions of the UK, and particularly in Northern Ireland. It notes (Figure 69) that in Northern Ireland, only 44% of the population live in districts with one or more 3G operators, compared to a UK average of 90%, and that only 13% live in districts with four or five operators, compared to a UK average of 60%. Lower levels of switching in Northern Ireland may also reflect the lower levels of coverage from multiple service operators. Ofcom notes that "Unsurprisingly, coverage focuses on areas with high population density" (such as London and the North West), and that "Providing coverage in areas of mountainous and hilly terrain can incur higher costs for operators than in other areas. If population densities in these challenging environments are low (and as a result there is a low demand to make and receive calls) it may not be commercially viable for operators to extend coverage to these areas."

ACNI has consistently raised concerns about lack of coverage or "not-spots" in Northern Ireland. It recognises that there are economies of scale in providing networks to larger urban populations. However, we feel that it would be a mistake to assume that population density is the only, or even the major, factor affecting operators' decisions to roll out, or not to roll out, networks. It would be highly useful, from the point of view of policy makers in the nations and regions, to understand better the reasons behind these decisions. For example, there may simply be a "metropolitan effect", whereby operators headquartered in the South-East of England roll out their networks from a London base, so that larger centres of population which are further away receive service later than smaller centres closer to London, or not at all. If this were to prove to be the case, it might suggest that alternatives to nationwide licences should be explored. We suggest that

Ofcom carry out research to determine the correlation between population density and network rollout, and to examine other factors affecting the latter.

3. Effects of network sharing

Section 3 explains recent developments in network asset sharing, to reduce capital and operational expenditure and extend coverage to areas where single MNO coverage may not be economically viable. In the light of the discussion above, it would be interesting to see where MNOs first start network sharing – is it in areas of low population which are currently lacking service or lacking choice, or in areas of greater population density? While developments which would increase the possibility of network operators extending their services would be welcome, it is possible that such network sharing arrangements would simply be used to reduce costs in areas already well served, rather than to extend coverage.

Section 3.87 notes the moves by some UK operators to share some elements of their access networks. The issue is further explored, from a regulatory point of view, in Sections 8.79 to 8.87. ACNI feels that such developments will require careful monitoring to ensure that they do not damage competition. It could be argued, given the degree of technical standardisation in the mobile phone industry, that the radio access network simply represents a "bit pipe", and that there is no loss of innovation in end-to-end services as a result of sharing. However, there is a danger that the economies of scale involved in radio access network sharing could act as a barrier to entry to new technologies which may find it difficult to reach the scale which would justify creating a rival access network. The dynamic efficiency effects may therefore be more far-reaching than the static effects. It would also be a problem, from the point of view of the less-densely populated regions, if a permanent divide were to be established between them and metropolitan regions, based on the level of network innovation.

4. Mobile numbering

Sections 6.12 – 6.19 deal with mobile numbering and portability. The question of how telephone numbering issues might be affected by convergence is raised in Sections 8.116 – 8.120. ACNI recognises that the current numbering system may have to evolve in order to keep up with these developments. However, despite its limitations, the current system does provide a simple and elegant form of tariff transparency, in that consumers know whether the number they are calling is a fixed or a mobile one (or whether it is local or long-distance, normal rate or premium rate, etc), and consequently what sort of charge they might expect to pay (They may also know whether a mobile call they are making is on-net or off-net, depending on whether or not the number has been ported). We would urge that any changes to the numbering system should take account of the tariff transparency aspect - bearing in mind, of course, that tariffs as well as services may converge so that some of these price differences may not be as serious as at present - and should not reduce consumers' knowledge of the prices they can expect to pay for calls.

5. Mobile termination

Sections 8.38 – 8.45 deal with the possible future evolution of mobile termination. An interesting aspect of this debate is what devices the mobile call is being terminated on. The original justification given by mobile operators for high termination rates was that they were required to subsidise the availability of cheap handsets, in order to drive penetration and increase the value to consumers of mobile phones, since more calls could be made to mobiles. If most mobile traffic is data, this justification disappears. Examples from countries or networks where handsets were not subsidised might be useful. A possible sender-keeps-all regime might increase the incentives of operators to interconnect, since the more calls their customers can make, the more they will gain.

6. Mobile and the universal service

The document asks what role mobile might play in the universal service in the future. ACNI considers that the role of mobile in meeting both the existing, narrowband definition of universal service, and any possible future broadband universal service obligation, should be explored.

7. The “open access” debate

ACNI notes the comments on the “open access” conditions imposed by the FCC in a recent Digital Dividend auction in the US. However, given that the “open devices” condition is already assured within the EU by the Radio and Telecommunications Terminal Equipment directive, and that “open applications” is already the norm in Europe, it does not see a need for any further action. Continued efforts to make spectrum available with as few technical, commercial or service limitations as possible are welcomed.

8. Mobile and Technology Literacy

The document highlights that 14% of 45-64 year olds and 23% of 64-74 year olds reported difficulties when using mobile phones in 2008. When dealing with such a huge market these percentages as numbers are significant. As handsets gain more features, consumers need to be taught or told how to take advantage of them. There may therefore be a need to expand the concept of “transparency” for consumers, to cover services and features as well as tariffs, so that consumers are guaranteed availability of information in an accessible and understandable form.

9. Mobile and Digital Citizenship

Section 5 asks the question "How does the use of mobile services affect our participation as citizens in society?” A quick look across to the United States of America demonstrates the effectiveness of mobiles phones in citizen democracy where the Obama campaign extensively used mobile SMS messages to connect with potential voters. However the potential exists for the conversation to go both ways and that mobile services could enable citizens to contact their politicians, of all levels, directly from their phone about issues of relevance to them.