

The ACS response to the Mobile Sector Assessment consultation is to focus on areas where there are specific issues for Scotland rather than to comment on the wider, complex market and the questions which arise.

The response covers the three areas of Promoting Competition, Protecting Consumers and Adapting Regulation.

### **Promoting Competition**

One of the main concerns is around coverage, even for existing 2G mobile services let alone for any further developments. As is noted within the review document, this is an issue often raised by the ACS but we make no apology in raising it again. Within Scotland there are significant geographies with no 2G coverage which brings with it the recognised issues of disadvantage for both business and residents. As stated in the introduction to this review, *'mobile has become a critical input for business, with mobile communications now a vital element in an increasingly services-based economy'*. There is, therefore, a major issue with existing mobile services within these areas of Scotland. The coverage of 3G remains poor and is largely absent outside the central belt of Scotland and the Aberdeen area and this also becomes a major issue for business in particular for access to mobile broadband. However, whilst it is maybe of most significance to business at the moment, we believe that this will increasingly be an issue for the wider public as the growth in data traffic expands for all types of users.

We note some of the points raised by the Phone Co-op in its presentation at the FCS' Comms Provider 08 event and have sympathy with the view towards the separation of network operation and service provision. This is also touched on within the consultation document. It appears to make little sense to try and compete on infrastructure, especially in more rural areas, where common infrastructure and competition at the service level would appear to be more attractive. We also note the prediction that revenue from mobile services are increasingly likely to be retained by content providers as opposed to network operators alone which would appear to put further pressure on infrastructure provision. It has been noted within the supporting literature to the review, that the current regulatory framework is based around promoting competition in infrastructure based services and the increased focus on service and applications is likely to require adjustments to the existing regulatory framework.

A good example of what can be done in this area was the link between Vodafone and, what was then Cellnet, which enabled the sharing of mast infrastructure within the Scottish Highlands and Islands in order to improve coverage. Further sharing of radio access networks (RAN) should be encouraged not just as a way of reducing operator costs, but also as a way of improving coverage and competition.

The current system has shown not to be working in some Scottish geographies and, in line with Ofcom's principal statutory duties: *(a) to further the interests of citizens in relation to communications matters; and (b) to further the interests of consumers in relevant markets, where appropriate by promoting competition*, there would appear to be a current failure and a revised approach required. As with fixed line communications, we believe that radical approaches have to be encouraged for areas where the market does not deliver, not small steps around the edges.

In relation to mobile broadband, we see this as being a useful and important development of mobile services but do not see it as being a replacement for fixed broadband services due to likely coverage and capacity issues.

### **Protecting Consumers**

We believe there is a role for Ofcom (whether by imposing regulation or by facilitating commercial processes) to help extend coverage outside urban areas.

Whilst all the mobile operators may have fulfilled the minimum coverage obligations that they are required to deliver as part of their 3G licence obligations, this measure does not help users in particular areas in Scotland where there is either no coverage or coverage by only a single or a very few operators. This problem is particularly acute for 3G coverage but is also an issue for 2G coverage as mentioned previously.

We believe that Ofcom should do all it can to encourage network sharing agreements and national roaming, but should also be prepared to take timely action should these options not show results. We would like to see a timeline set on this.

### **Adapting Regulation to Converging Markets**

With regard to the role of mobile in Universal Service, we believe there are dangers in moving away from a fixed line which is of high availability to a mobile device which can be subject to power outage and mobile network outage. We do not, therefore, consider that mobile can be a replacement for fixed line in terms of voice USO. We can also see a possible knock-on effect for the availability of DSL based broadband service should fixed line not be required within the USO.