

## **Future broadband - Policy approach to next generation access**

### **Question 1. When do you consider it would be timely and efficient for next generation access investment to take place in the UK?**

Trials should be run, such as the current Ebbsfleet project, and the outcomes analysed to ensure that an informed assessment of readiness is made. The demand for NGN access will come not only from the demand for television services, but increasingly from services to promote social inclusion and home learning. This is evidenced by the Computers for Pupils (CfP) scheme and the announcement at BETT 2007 by Minister of State for Schools and Learners Jim Knight that a Home Access Taskforce should be setup in order to evaluate ways in which home access to educational technology should be delivered.

Rather than setting out a timeline for investment, it may be more appropriate to consider barriers to investment or uncertainties that will delay investment. In thinking about NGN access, the capacity of the current infrastructure should be considered and how the availability of this capacity may impact on NGN investment decisions. Conversely, there is a need to investigate if this capacity could be used on brownfield sites to provide the basis for developing NGN access. Another issue requiring investigation is the extent of fibre deployment in the network and this reach could have a significant impact on investment decisions. These are all significant issues that require full consideration. There is also the need for appropriate content to be available.

It may be possible that the investment could be an evolution of other major investment programmes such as BT 21CN and Virgin Media's high speed cable access developments. As there are some doubts regarding the appropriate time to invest in NGN it is important that the regulatory framework adopted allows the market flexibility to determine when the investments should be made.

The executive summary highlights the challenge of investment risk needing to match market conditions – there is a high upfront investment requirement with no promise that customers will subscribe once the infrastructure has been put in place.

There is an enormous wealth of data / research linking broadband investment to GDP growth<sup>1</sup>. Taking no action now risks a bigger problem and investment requirement in the future.

### **Question 2. Do you agree with the principles outlined for regulating next generation access?**

The principles are based on the outcome of the Telecommunications Strategic Review (TSR) and this is the correct approach to take.

It is recognised that there is a section in the consultation document covering the digital divide though it is considered that more attention should be given to this issue. It is clear that even with existing access technologies, there is a growing gap between those who have access to ICT at home and those who do not. It could be seen that the provision of NGN access could further disadvantage some groups. It is important that issues around the digital divide should be considered and addressed when planning NGN access. There must be evidence gathered to inform the development any specific policies to address the social inclusion issues. It is considered that this approach is fully consistent with the approach outlined in 'Public Broadband Schemes – A Best Practice Guide'<sup>2</sup>, published jointly by DTI and Ofcom February 2007. Additionally such an approach is considered as conforming to other regulatory requirements such as State Aid rules.

A significant factor is the failure of the market to address the poorer elements of society. Other countries are

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<sup>1</sup> [oecd.org/sti/ict/broadband](http://www.oecd.org/sti/ict/broadband)

<sup>2</sup> [http://www.ofcom.org.uk/media/mofaq/telecoms/pbs/dti\\_pbs.pdf](http://www.ofcom.org.uk/media/mofaq/telecoms/pbs/dti_pbs.pdf)

using universal service funds or obligations to collectively subsidise access to poorer families. This works well in more developing countries where they typically have a national (Government) operator. In the UK where there is more competition this would prove more difficult to implement. Today it is possible that a family without access to a fixed line could end effectively denied access to competitively priced broadband services. Recent Becta projects have indicated that there may be significant numbers of families in this circumstance.

Another factor that needs to be considered is that recently the European Commission presented proposals for an all-inclusive digital society<sup>3</sup> and the possible actions include e-Accessibility legislation. Such proposals will mean that it is important for Ofcom to develop a framework that will close the digital divide rather than widen it.

### **Question 3. How should Ofcom reflect risk in regulated access terms?**

### **Question 4. Do you agree with the need for both passive and active access remedies to promote competition?**

It is not currently within Becta's remit to comment in detail on this area. However, it is our view that whichever method is used should allow for as equitable and inclusive access to products and services as possible.

### **Question 5. Do you consider there to be a role of direct regulatory or public policy intervention to create artificial incentives for earlier investment in next generation access?**

For the reasons given in the consultation document it may be too soon to intervene in the market. However, this situation should be constantly monitored so that timely intervention can take place if and when required. However, any such intervention should be supported by the appropriate research. There needs to be strong supporting evidence to show the social benefits of NGN access. Becta supports the research to examine the profiles of NGN users and services required.

There has been little mention of education and the potential benefits that the deployment of education applications over NGNs could have for a wide community of learners. It is challenging to provide universal home access to learners at ADSL speeds, let alone NGN access. Therefore, in order to achieve home access to education services may require some limited form of intervention and this issue needs further consideration.

There needs to be an understanding of the appetite of the industry for providing NGN access. It may be that the low profitability of NGN products acts as a barrier to industry investment. If so, some form of incentives may be required to support the investment as it is important that the NGN is deployed.

Finding the appropriate relationship between allowing market forces to determine investment decisions and the provision of incentives to support investment is difficult. However it is considered that social benefits should be an important factor in the equation for determining when incentives should be provided.

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<sup>3</sup><http://www.europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1804&format=HTML&aged=0&language=EN&guiLanguage=en>

**Additional Comment:**

Becta welcomes this consultation on Next Generation Access and the opportunity to contribute to this important debate. Additionally Becta would welcome the opportunity discuss these ideas further with Ofcom.