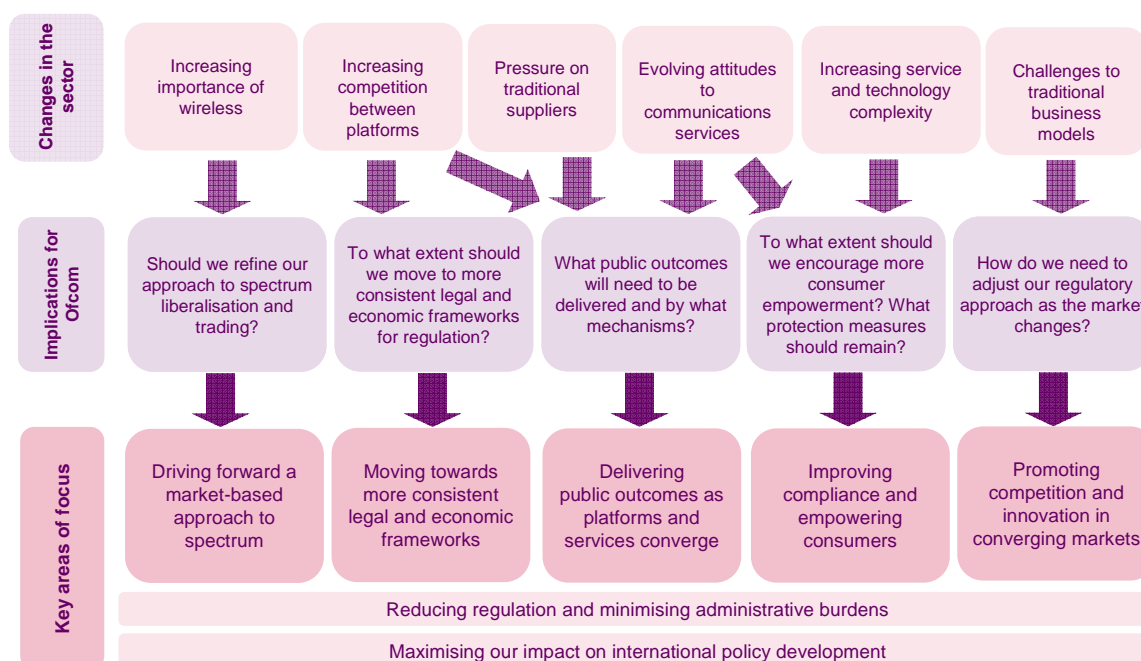


Section Five

Three-year strategic policy framework

5.1 In the previous section we outlined the changes which are occurring in the communications sector and set out the policy issues we will need to address as a result. Figure 5.1 shows how we will organise our work over the next three years in order to address these issues and ensure that citizens and consumers enjoy the benefits of convergence.

Figure 5.1: Three-year strategic policy framework



5.2 In summary, the five key areas of our strategic framework are:

- driving forward a market-based approach to spectrum;
- promoting competition and innovation in converging markets;
- delivering public outcomes as platforms and services converge;
- improving compliance and empowering consumers; and
- moving towards more consistent legal and economic frameworks.

5.3 In many respects, we are already addressing these issues. For example, we have already done much to promote competition in broadband markets, with consumers benefiting from a wide choice of innovative services and substantially lower prices.

5.4 However, over the next three years we will need to respond to the changes we have highlighted. For example, we believe there is a need to step up our work to encourage more widespread communications capability, including media literacy.

5.5 Each of the five key areas of the three-year strategic framework is described in more detail below:

- **Driving forward a market-based approach to spectrum**

We will drive forward the implementation of our Spectrum Framework Review. Our programme of spectrum liberalisation will enable spectrum to be used in more flexible ways. We will promote the development of spectrum trading because we believe that the market, rather than the regulator, should determine the best use of spectrum. We will make more spectrum available, with further awards planned, and we will co-ordinate the use of spectrum internationally to ensure that the development of innovative services is encouraged.

- **Promoting competition and innovation in converging markets**

We will continue to promote competition in telecoms and broadcasting by, for example, implementing our Strategic Review of Telecoms. At the same time, as the transition to next generation networks occurs, we will need to ensure that consumers continue to benefit from competition and that there are incentives for efficient investment in network upgrades. We will also explore the potential for new bottlenecks to develop as markets evolve, and consider how we should respond.

- **Delivering public outcomes as platforms and services converge**

We will need to ensure that as platforms and services converge, key public outcomes continue to be delivered. This will involve reviewing our approach to content regulation in the light of increasing convergence. We will be looking at the rules which protect listeners and viewers (from, for example, harm and offence) and will consider what mechanisms will be needed to sustain the supply of high-quality content of public value. We will also promote access to the communications services needed to participate in society, recognising that Ofcom's role will often be to engage with the Government rather than pursuing solutions directly. A key part of this will be to consider which services should be available more widely, how they can be made more accessible, and how they should be funded.

- **Improving compliance and empowering consumers**

Over the next three years, we will also focus on improving compliance by the businesses we regulate, and on empowering consumers. We will promote greater understanding of the tools and knowledge that consumers need to benefit from communications services, with increased communications capability, including media literacy, being a key objective. Alongside this we will focus on protecting consumers from harmful activities, such as scams, mis-selling and illegal broadcasting. We will also concentrate on enabling consumers to switch easily and quickly to new providers, making sure the processes are in place to minimise disruption.

- **Moving towards more consistent legal and economic frameworks**

Another important part of our work over the next three years will be to examine where it is desirable to move towards greater consistency between the legal and economic frameworks which govern different platforms. In doing this, we will take into account the constraints imposed by existing legislation, as well as starting a

debate about how legislation might be updated. There is an important European dimension to this work because, to a large extent, Europe is where the regulatory framework for communications is determined.

5.6 Across all of our new and ongoing areas of policy work, there will be a continued emphasis on two areas:

- **Reducing regulation and minimising administrative burdens**

Over the next three years, we will continue to focus on reducing regulation and easing administrative burdens. In some areas, such as spectrum liberalisation, we are proposing to make further significant reductions in regulation and administrative burdens. And increased competition and convergence are likely to create further opportunities to remove formal regulation and extend co- and self-regulation. In other areas, new rules may be needed, although in line with our regulatory principles we will seek the least intrusive mechanisms available.

At the same time as publishing our Draft Annual Plan we have published an updated Simplification Plan, which provides details of all the work we will be doing to remove or reduce regulation, and lessen the administrative burdens which stakeholders face in complying with regulation. For example, we are taking a number of initiatives to simplify spectrum licensing, including:

- removing the need altogether for 17,000 users of citizens' band radio to apply for a licence;
- moving from annually renewable to lifetime licences for 63,000 users of amateur radio and 69,000 users of ships' radio; and
- enabling licensees to trade spectrum and use it more flexibly, meaning that 35,000 private business radio users will have enhanced ability to change the use of the spectrum without Ofcom approval.

- **Maximising our impact on international policy development**

It will also be important to influence the way that regulation develops, both in Europe and internationally. We will contribute to key decisions on spectrum, for example, representing the UK at the World Radio Conference 2007. We will continue to contribute to negotiations over crucial directives, on audio-visual services and the framework for electronic communications. We will work closely with the UK Government and other regulators to ensure that the resulting framework is in the interests of UK citizens and consumers.

Consultation question

- What are your views on Ofcom's proposed three-year strategic policy framework?