



Consultation: A New Broadband USO Consultation by DCMS

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Our (PID) Reference: PD 20010 2538

1. Introduction

- 1.1 The Consumer Council is a non-departmental public body (NDPB) established through the General Consumer Council (Northern Ireland) Order 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland.
- 1.2 The Consumer Council has specific statutory duties in relation to energy, postal services, transport, and water and sewerage. These include considering consumer complaints and enquiries, carrying out research and educating and informing consumers.
- 1.3 We welcome the opportunity to respond to the Department for Culture, Media and Sport's consultation on A New Broadband Universal Service Obligation (USO).

2. Q1. Do you have any concerns about the approach that has been set out here?

- 2.1 The Consumer Council agrees with the general principle and believes that access to broadband can be viewed in the same way as basic utility services.
- 2.2 A USO protects rural and remote areas, ensuring that all areas experience the same minimum level of service. This proposal ostensibly ensures access to this essential service for consumers regardless of their location.
- 2.3 The Consumer Council is keen to ensure that the USO proposed provides a fair deal for NI consumers. We would encourage consideration be given to a principle of uniformity to be included in either Primary or Secondary Legislation. Uniformity means consumers can access the same minimum level of service regardless of their location in the UK. It is fundamental that any USO is geographically uniform in terms of access, speed, cost and service level. We acknowledge that the second consultation will provide greater detail of the USO specifications. However, we

would caution that without the safe guard of uniformity, some nations within the UK may pay more to access a minimum level of service.

2.4 The consultation document states, “We know from various interventions that the government has made to date that it is unlikely that everyone will want to be connected...”.¹ The Consumer Council’s recent consumer proficiency findings echo this (53% of offline consumers expressed having no interest in being connected). However, we would urge ongoing government commitment to closing the digital divide.

2.5 Research from BT suggests, accessing and using the internet is worth an estimated £6.8 billion to UK consumers and the economy, based on BT estimation that monetary worth to each new internet user is £1,064. Government services are increasingly being moved to and promoted online. If Government accepts there are some consumers who will not make the move online, equity of accessibility and service levels using offline channels must be maintained.

3. Q2. We do not propose to specify speed in primary legislation. Should speed be specified in primary or secondary legislation?

3.1 The Consumer Council recognises that technology advances rapidly. However, a bare minimum speed, such as the 10Mbps deemed necessary to meet the needs of a typical household, set in legislation may serve to protect consumers and work towards equitable provision.

3.2 This minimum would need to be future-proofed as there has been an average 40% growth per year in broadband data usage in the home. Demand for higher connection speeds is growing and will continue to grow as homes become “more smart”, for example, smart energy meters and health monitoring devices.

¹ Page 10, paragraph 2

3.3 Consumers are currently struggling to tackle issues of poor service and slower than promised speeds with their internet provider. Eight in 10 people do not know that the speeds quoted in broadband advertisements only need to be available to 10% of customers².

3.4 It would therefore seem prudent to use legislation to set out clear guidance on what consumers should expect in terms of service levels and more detailed criteria pertaining to effective enquires and complaint resolution. The Consumer Council agrees with the proposed approach of specifying the minimum level of service (including speeds) in secondary legislation so it can be revised more easily - a flexibility which is needed in this rapidly developing market.

4. Q3. In terms of giving the Secretary of State a power to direct Ofcom to review the USO, should Government have a continuing role in the USO, or should this be a matter for Ofcom?

4.1 The Consumer Council considers that Ofcom is a competent regulator and is best placed to review the USO. Ofcom has demonstrated its extensive experience in monitoring and reviewing USOs in both basic fixed line telephony and postal services. We believe its knowledge in these complex markets and other regulated industries provides a firm foundation for it to be given powers to review a broadband USO.

4.2 As broadband is seen as an essential service by the majority of consumers, the Consumer Council believes consideration must be given to statutory methods for intervention should the broadband USO provision become under threat. Such mechanisms would provide the necessary safeguard for consumers who will be vulnerable and therefore reliant on a USO broadband service. A similar safeguard is in place in postal services, whereby the Postal Services Act 2011 bestowed Ofcom with regulatory tools to intervene if it was considered that the universal postal service was at risk.

² <http://www.which.co.uk/campaigns/broadband-speed-service/ofcom-reforms-digital-communications/>

5. Conclusion

- 5.1 The Consumer Council has recently conducted research on the proficiency of Northern Ireland consumers. This will soon be published on our website and will contain statistics in relation to consumer online activities, online shopping and reasons for not using the internet. We would be happy to share this with you if you believe it would be of benefit and interest.
- 5.2 Should you wish to discuss this response please contact Kathy Graham, Interim Director of Policy on 028 9025 1600 or at Kathy.Graham@consumercouncil.org.uk



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