Roinn Cumarsáide,
Fuinnimh & Acmhainní Nádúrtha
Department of Communications
Energy & Natural Resources

The National Broadband Plan

Ireland's Broadband Intervention Strategy

This consultation will conclude at 5.00 pm on 14th September 2015.

To make a submission on this report you must download this document to your local drive, complete the template, save it and:

Email it to us at: nbpinterventionstrategy@dcenr.ie

Or print your response and send it by post to:

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All responses to this consultation should be clearly marked: "NBP Intervention Strategy Consultation DCENR - Name of Respondent"

Please note that the Department may publish respondents' submissions to this public consultation. Respondents should clearly identify material that is confidential or commercially sensitive and which may not be released and outline the reasons why this is the case. The provisions of the Freedom of Information Acts 1997 to 2014 apply. A non-confidential version of responses should be set out in a separate document and must be provided to the Department by the closing date.

To make a submission, scroll to the relevant section and enter your comments in the allocated text field.

Contents

2 Introduction

The Western Development Commission (WDC) welcomes this opportunity to make a submission to the public consultation on Ireland's proposed Broadband Intervention Strategy.
The WDC is a statutory body established by government to promote, foster and encourage economic and social development in the Western Region (counties, Donegal, Sligo, Leitrim, Roscommon, Mayo, Galway and Clare). It operates under the aegis of the Department of Environment and Local Government (DECLG) . The WDC works in co-operation with national, regional and local bodies involved in Western development to ensure that the Western Region maximises its full development potential. It does this by:
• analysing economic and social trends and making policy recommendations;
• promoting the Western Region through the LookWest.ie and RE:CONNECT campaigns;
• supporting the rural economy through facilitating strategic initiatives (e.g. renewable energy, creative economy, rural tourism); and
• providing risk capital to businesses through the WDC Investment Fund .

One of the functions of the WDC is regional policy analysis. The WDC seeks to ensure that government policy reflects the needs and maximises the potential of the Western Region in such areas as infrastructure, natural resources, enterprise and regional and rural development.

The WDC has been engaged on the issues of broadband infrastructure and telecommunications in the Western Region since 2000. The WDC, with its remit for a largely rural region is uniquely placed to offer insights on the broadband needs of the Western Region. Our reports and submissions are available at www.wdc.ie.

In 2002 we published Update on Telecommunications in the Western Region, (http://www.wdc.ie/wp-content/uploads/reports_telecomms_update.pdf), where we assessed provision in the Region and identified recommendations. It is instructive that some of these findings remain relevant today, despite the considerable time lapse and the technological advances since then. For example on p. 34,
"Locations that are distant from the fibre backbone have little prospect of attracting or retaining businesses with high data transfer requirements....In a knowledge based economy, quality broadband infrastructure is a necessity and without it growth and competitiveness will be constrained. Telecommunications infrastructure policy for the Western Region should be based on an acceptance that infrastructure there must be at least on a par with other regions".
Notably in the 2002 Report, the WDC argued that "Poor access in the Western Region is a result of market failure i.e. the commercial return on investment in fibre, or other broadband technologies, is insufficient to attract private investment".

Since the publication of the 2002 report, various government policies supporting telecommunications services in the Region have been introduced, from the investment in Metropolitan Area Networks to the County and Group Broadband Scheme (CGBS), the National Broadband Scheme and the Rural Broadband Scheme. Despite these interventions broadband infrastructure and services in rural areas lag those that are available in urban centres. Furthermore (as noted by the WDC thirteen years ago) the prospects for commercial investment in these areas in such infrastructure and services are slim. In 2012 the WDC published Connecting the West, Next Generation Broadband in the Western Region, (http://www.wdc.ie/wp-content/uploads/WDC-Connecting-the-West-Next-Gen-Low-Res-SP.pdf). This report revisited some of the case-studies from 10 years earlier and examined the implications of the commercial rollout of next generation broadband and identified recommendations for state intervention including the need to provide a future proofed infrastructure for rural areas.

The WDC therefore welcomes the publication of the proposed intervention strategy and the opportunity to submit its views.

3 Purpose of this public consultation

The WDC welcomes this consultation and the opportunity to submit its views. The views expressed here are those of a

statutory body, whose remit is 'to promote the economic and social development' of the Western Region.

The Western Region is a predominantly rural region with 64.9% of its population living outside of towns with a population of 1,500 or more. This compares with a national figure of 38% .The population distribution and the size and distribution of urban settlements in the WDC Western Region are different to that nationally. Over half the national urban population live in cities, however as the Western Region has only one city the share of its urban population living in a city is far lower (27.4%).

As a consequence, a larger share of the region's urban population lives in each of the other town size categories. The difference is most striking for the smaller towns. In the Western Region 16.4% of the urban population lives in small towns (1,500-2,999) while nationally only 6% of the urban population lives in such towns . This population distribution is important in considering the deployment of high speed broadband.

This population distribution combined with the WDC's long track record in monitoring and tracking telecommunications and Broadband in the Region provides it with unique insight into the implications of the proposed Draft Intervention Strategy.

4 Background

In the national interest, growth in all regions should be optimised. To do this all regions need to have a strong infrastructure base enabling them to compete, as well as to attract and retain investment and jobs . Broadband is now a critical infrastructure. While it is a very significant infrastructure rollout challenge, delivering infrastructure to every premises in Ireland has been done many times before (electricity, water, natural gas). Many other countries are also rolling out broadband networks. Therefore the challenges, both financial and technical can be overcome.

The new information and investment announcements (especially those in early June 2015) are likely to significantly reduce the number of addresses in the Intervention Area (IA). This is very welcome and should make the task of the Government's Intervention Strategy somewhat easier and less costly to the State. This is not to discount the scale of the State intervention required.

Section 4 notes the relatively low population density of Ireland (67 people per km2) compared to much of Europe. This should be acknowledged but it is important to also note that there are many other counties across the OECD and beyond with much lower population densities, USA - 32, Australia - 3, Canada -3, New Zealand -16, Finland -16 and Sweden - 21.

5 Vision - High speed broadband to all

The WDC concurs that access to technology and the internet is a necessity for participation in the modern economy and society.

Indeed access to the internet and quality broadband services can be of greater advantage to more rural remote communities allowing them to overcome the limitations of distance to market and help promote economic activity through on-line trade. On-line access is also imperative in rural locations where traditional service delivery (banking etc) is under threat or it may always have been limited (education services). Therefore it could be argued that on-line access to enable service provision in rural areas has a higher value in the context of limited alternatives and distance to market.

Key principles

The WDC welcomes the principle that the proposed intervention strategy will deliver high speed broadband to all premises outside of those to be delivered commercially.

The WDC welcomes the principle that the proposed intervention strategy aims to conclusively address connectivity deficits. However the WDC believes that this is NOT achieved by setting down minimum speeds, rather the focus will need to be on ensuring that the infrastructure deployed will meet current and future demands for bandwidth. This is imperative if the intention is to 'conclusively address connectivity deficits across Ireland'.

The WDC agrees that services need to be affordable and competitive. Benchmarking prices with those that are available in areas with multiple retail providers will help promote more competitive pricing in for example those rural areas with possibly just one service provider.
It should be considered that benchmarking prices against services in urban centres does not necessarily ensure they are affordable to all. Competition does not necessarily ensure low prices and often in utility provision, cartel conditions appear evident.
As on-line access is considered a basic necessity, and competition does not necessarily ensure prices are affordable, the following revision to the principle might be to include the word 'low' or 'affordable' as follows; 'with benchmarked and transparent affordable pricing and conditions for access'.

Value for money and compliance with EU State Aid Guidelines is important as this intervention will be ultimately paid for by the taxpayer as well as EU funding.

The WDC welcomes the principle aiming to ensure that the most efficient and cost effective network is built within the shortest possible timeframe. For too long and over many different state interventions, services in the Intervention Area (IA) have lagged those available in more urban areas, putting the under-served areas at a continuous disadvantage over many years. This cumulative disadvantage has wider impacts on the economy and society of rural areas creating a sense of inadequate infrastructure to support economic growth. However, though a short time frame is important, the infrastructure must be future proofed (Second principle).
Ensuring that quality and affordable services are continuously provided will be more difficult in the IA as many will not have the benefit of competitive forces present in the urban areas. Benchmarking prices against services in urban centres may not ensure that they are affordable to all, as noted earlier. Prices need to be benchmarked against those in the MOST competitive urban areas.

Ensuring quality services in the absence of competitive forces has proved a challenge, for example there were many consumer complaints under the National Broadband Scheme. While some may have related to the inadequacy of the service provided (and therefore should not arise under the proposed intervention which will enable a higher level of service), many consumer complains , both residential and SME related to the inability to access a satisfactory response from the provider.

Even under market conditions there is dissatisfaction with telecommunication services as the power of an individual citizen is minimal vis a vis the provider. The WDC believes that governance measures need to be very stringent and fully implemented.

6 Who will benefit?

The WDC has the following observations on Section 6.

Table on Beneficiary and Potential Benefits

The WDC is aware of some business which have moved out of the Region due to inadequate broadband services. While the formation of new enterprises is important, the retention of existing enterprises and jobs is more important especially in the short-term.
Therefore under Jobs and Entrepreneurship, the WDC suggests an additional benefit, after the second bullet as follows;
"Support the retention of existing enterprises and jobs".

On page 16, the section on environmental benefits seems to conflate environmental benefits with a range of others: Social inclusion and Balanced Regional Development in particular. These are separate and distinct categories in and of themselves and should be listed separately. It is noted that this conflation occurs in the supporting document National Broadband Plan: Benefits of High Speed Broadband - PwC, Draft Report, July 2015.

In the concluding paragraph, the policy objective of rural development, (different to regional development) should be cited also.

7 Key elements of the proposed intervention strategy

7.1 The intervention area

According to p.18 of the Consultation document, "The map is being kept under review to ensure that relevant commercial plans are accurately reflected". The WDC believes that it will be important to ensure as far as possible, that planned commercial deployment actually occurs and if it does not transpire, that these areas will become part of the IA.

The WDC notes the intention to produce a revised High Speed Broadband map. Will this revised DCENR High Speed Broadband Map be published?

Will the DCENR High Speed Broadband Map be updated regularly e.g. on an annual or bi-annual basis, taking account of operators investments and progress under the planned strategy and if so will each version be published.

7 Key elements of the proposed intervention strategy

7.2 High speed broadband - definition of services

The WDC agrees with the planned build-out of a wholesale open access network capable of meeting defined minimum standards. The WDC also agrees that there should be capacity to provide a higher minimum standard (scalability) with further investment but without significant further build.

(1) With this in mind the WDC considers that 6Mbps upload and 30 Mbps download seems low as a minimum standard to apply for the next 20 years.
Acceptable and required broadband speeds are increasing all the time. What was deemed a minimum standard ten years ago would not be considered acceptable now. There is a general trend of raising the threshold of the broadband definition as higher data rate services become available, so for example in 2010 the U.S. Federal Communications Commission (FCC) defined "Basic Broadband" as data transmission speeds of at least 4Mbps downstream. Ten years ago, Forfás (2002) defined broadband as anything higher than Basic Rate ISDN (144k/bits) and ComReg defined the minimum threshold for broadband as 512kbit/s. (ODTR Report 02/79).
The issue of multiple users in the same premises and unforeseen applications compounds this issue.

The WDC is aware of dissatisfaction with service levels under the NBS in parts of the Western Region. Much relates to unreliability and the slower speeds due to contention, and some relates to the fact that the minimum service is inadequate to meet the needs of users today. In a survey of 280 creative sector businesses operating in the Western Region, improved infrastructure including broadband was the number one recommendation to attract and retain creative sector businesses. A lack of sufficient quality broadband was also cited as a constraint to their operation and expansion, in interviews with creative sector enterprises operating across the region, but particularly those based in rural areas . This research also found that there was very low export activity among creative sector businesses in the region with only a third exporting to any extent. Increasing export activity within this sector is vital to its future growth and job creation and high speed broadband access would be a key facilitator for increasing exports. (WDC 2011, Economic Impact Assessment of the Creative Sector in the Western Region: Future Growth Trajectories). While improved broadband speeds are a national issue, it is particularly important to ensure acceptable broadband speeds for rural businesses and those needing to trade on-line.

The WDC suggests that one option would be to review the basic minimum standard, for both up and download speeds, every 5 years (or more frequently depending on technological change and demand requirements), and raise the minimum standard accordingly.

(2) The WDC welcomes the proposal that the winning bidder(s) must ensure the availability of an affordable retail package of services.
The WDC believes that this should be comparable to prices charged in the MOST competitive commercial areas in Ireland, so as to mitigate against the absence of competition in the IA. Some commercial areas outside the intervention areas may not have very competitive pricing. Therefore it is important that pricing is benchmarked against prices in the most competitive areas.

(3) The WDC considers it important to meet the specific needs of businesses in the IA.
However, it is not clear from the Draft Strategy if it is proposed that there should be a higher minimum speed for businesses? If so, it is not clear if and how the Intervention Strategy will distinguish between residential and business users, unless there is a proposal to have higher minimum speeds for business parks?
Many businesses are not located in Business Parks and many rural businesses are located next to or close to the home residence. WDC research shows that 91.3% of all active enterprises in the Region were micro-enterprises (employing fewer than 10 people) which is slightly higher than that for State (90.6%) (2011). Within the Creative sector in the Western Region for example, 39% are sole traders and 49% micro-enterprises (WDC 2008).

The Western Region has a higher share of self-employment (WDC 2015). Combining both types of self-employment (with and without employees), 20.4% of employed people in the region are self-employed, compared with 16.1% in the rest of the state. This differs between the types of self-employment however with the region having a considerably higher share of those without paid employees (16.3% in the region compared with 11.4% nationally). In the Western Region there are 51,000 people self-employed without employees. This would include farmers, tradespeople and providers of personal and professional services. Particularly in smaller urban centres and rural areas, this form of self-employment can be a means for a person and their family to continue living and working in an area which offers limited suitable job opportunities, helping to sustain such areas' economic viability. Quality broadband services that are future proofed are critical to these enterprises.

7 Key elements of the proposed intervention strategy

7.3 Characteristics of the network

The WDC agrees that funding a single wholesale physical infrastructure, which is future proofed and provides for open access is in the best interests of the taxpayer. This should allow for services to be delivered by a multiplicity of retail providers rather than several competing infrastructures which may not be viable and may not be as future proofed. In doing so it is very important that the network be rolled out as close as possible to the end user. This will help ensure scalability as well as support market entry and competition in retail service provision. As the Draft Strategy indicates it will be important to ensure retail services are made available to all.

There are examples where the State invested in telecommunications infrastructure, but it took many years for services to be delivered using that infrastructure. For example it took some time for many of the Metropolitan Area Networks (MANs) to be 'lit'. There also has been suggestions that the pricing structure for access to MANs has been prohibitive, prompting other operators to seek to build their own network. (Connecting the West, Next Generation Broadband in the Western Region, WDC 2012). This is exactly the situation which must be avoided in developing this new State funded infrastructure. Access to the wholesale network must be on an open basis with tariff levels designed to ensure ease of market entry and use.

The WDC considers it very important to ensure that services are always available and agrees with the proposal that the wholesale operator must provide a retail service if no retailer emerges in a given part of the IA.
There should be a very short window of opportunity before the wholesaler is required to operate a service so as to ensure that citizens are not waiting unnecessarily.
Given that there is likely to be monopoly provision in parts of the IA, it will be important that retail prices and service levels match those available in the most competitive commercially served areas to mitigate against the absence of competition.

The WDC welcomes the proposal that the wholesale network comprise both backhaul and access to premises. In addition to providing a more robust future proofed network, this will promote market entry by more retail operators.

7 Key elements of the proposed intervention strategy

7.4 Who will own the network?

Ownership of the network is a very important issue given the degree to which the State is funding the build and given the public policy importance the State attaches to universal high speed broadband.

Beyond this, the key criteria for the ownership model should be the extent to which either option delivers best to those citizens who have been denied access to commercially deployed basic broadband and to ensure that they can continue to access future proofed services for the next twenty years and beyond.

It is worth noting that most other national infrastructure networks are in and have remained in public ownership. This is because they are considered strategically important infrastructure networks. High speed broadband has often been compared to the electricity network, with the planned intervention being compared to rural electrification. Both the electricity transmission and distribution networks are in state ownership. Similarly the natural gas network is state owned. In addition the transport networks (road and rail) are publicly owned.

With this in mind the starting position should possibly be why NOT public ownership of the state funded wholesale open access network? Obviously there is a need for private sector involvement, in terms of build and rollout and there is a need for competition in the delivery of services to the end user, but these can be accommodated within either Option 2, Option 3 and Option 4 as outlined on page 21, 22 of the Consultation document.

In considering the optimal model for the State and the rural user, both in the short term and twenty to thirty years hence, the experience of other countries should be taken into account. For example the rollout of next generation broadband in Australia has been challenging. In 2009 the Australian Government announced an ambitious programme to deliver fibre to the premises (FTTP) to 93% of Australian premises (residential and commercial). The original deadline for completion was within six years (2015). By the end of 2013 just 3% of premises were connected. Following an extensive review in late 2013, a change in direction and new targets were announced . There are likely to be many factors involved in the poor rollout but the model of delivery may be one, Australia is one of the very few countries which created a publicly owned entity to rollout and deliver next generation broadband to the entire country. The Review undertaken noted that " a commercially driven deployment would have been substantially better managed, providing service on schedule and to cost, avoiding the high costs of delay that have been imposed on Australian consumers", (Independent Cost-Benefit Analysis of Broadband and Review of Regulation, August 2014, p59, 60).

The WDC considers that the primary aim of the ownership structure should maximise private sector involvement in the rollout (unlike in Australia) but minimise the loss of state control over short, medium, and especially long-term as the existence of the intervention areas are the very reason there is now a need for considerable state intervention.

The Draft Strategy notes that for technical, commercial and financial reasons the commercial stimulus option appears to be the optimal proposal. Though as the preceding discussion and observations below indicate, it is not clear that this should be considered the optimum proposal.

The WDC considers that the disadvantages of the Commercial Stimulus model are significant and the implications of this option need to be fully realised.

1. As the Draft Strategy states, under the Commercial stimulus model the network would require stringent governance/ regulation.
From a rural perspective (most of the IA), the record of governance and regulation of the telecommunications sector in Ireland is not very good. Most recently there was much customer dissatisfaction in parts of the Western Region with the rollout of basic broadband services under the National Broadband Scheme (NBS). Inconsistent delivery of minimum broadband speeds as well as poor customer services were regular complaints. (see Connecting the West, Next Generation Broadband 2012).

From a regulatory perspective, the willingness and ability of the telecommunications providers to contest issues and delay progress and ultimately service provision to the consumer through delays and legal proceedings is a serious cause for concern.
Even with multiple retail service providers, Ireland is a small market with limited competition. The role of the regulator is therefore even more important. There is concern about the relative power and resources of the strong, large telecommunications providers vis a vis the users and the regulatory system.

The WDC considers that the role of the regulator may be particularly useful in more sparsely populated areas where there may be limited competition. The regulator is mandated to regulate access to networks so as to develop effective choice for consumers both business and residential . Where there are several industry providers the market will help deliver the best

service to the consumer. In areas with limited competition, the role of the regulator can be more important.

The regulator should also be mandated to have regard for other government policy objectives. In the short term compliance with our Digital Agenda 2020 targets is an important Government policy objective. Delivery of the National Broadband Plan through a wholesale open access scalable network with competition in retail services, is a critically important Government policy objective spanning the next 20 years and beyond.

2. The Government has less control on investment and of the future of the network.
Up until 15-20 years ago the role of the internet and the potential of broadband was not foreseen. The pace of technological change has been explosive over the last 10 years. Now it has completely transformed global communications, industry and society. The broadband network therefore has become a key strategic asset. Forecasts estimate that a 10% increase in broadband penetration can lead to a 1-1.5% increase in GDP (European Commission, Digital Agenda for Europe' http://ec. europa.eu/digital-agenda/en/broadband-stratgey-policy). It is impossible to envisage what uses and benefits might be generated twenty years hence and delivered via the wholesale network. It is very likely that the role of the wholesale network and associated retail services will become even more strategic.

Private ownership does not necessarily mean that it will be invested in and fit for purpose. Privatisation of the incumbent telecom operator in Ireland led, many believe, to a long delay in investment in Ireland's broadband network. Privatisation will mean that the Government will cede control of and its ability to invest in this strategic asset over the long-term. While there may be various mechanisms and clawbacks to influence investment ultimately the network will be in private ownership. As noted this is in contrast to other strategic national networks such as electricity (transmission and distribution, the natural gas network and transport networks (road and rail).

Of course there are issues with reversion to public ownership after the contract of for example 20 years. There is much less incentive for private investment to continue investing in the network, but at least these can be predicted and planned for and mitigated against through various measures.

It may be that some option along the spectrum, Option 2, 3 or 4 may be preferable to Option 1 - Commercial stimulus.
Long-term public ownership affords the State control over a key strategic infrastructure, the potential of which has yet to be fully realised. This ownership and ability to intervene may be critically important in the context of other public policy objectives on years to come, for example delivery of education and health services. It is very difficult to anticipate what might be in twenty years hence which is another reason for the State not to cede ownership, just as it has not done so with electricity or transport networks. The ownership model chosen needs to ensure that it has the citizen's interest (in this case the rural citizen), as its primary concern both now and in thirty years time.

At the other end of the spectrum the disadvantages may be somewhat overstated. For example,
(1)High upfront costs for the exchequer: This is likely whatever model of ownership is considered, and there are likely to be attractive terms on offer from various sources including EIB etc as well as the EC grant. Any large infrastructure project will require significant exchequer spend, just because there may be private sector investment available does not mean the state should not invest. Indeed there may be a case of State investment precisely because there is private sector funding available, illustrating the anticipated return on investment! In addition, from a national exchequer perspective the country is in a better position to consider this investment than it was several years ago.
(2) Will require ongoing investment. This is true but there is here is an ongoing return based on the open access network and use by retail service providers.

The Background Ownership Report
It is noted that in the background Ownership report, the views of external stakeholders on the ownership options are sought. The external stakeholders comprise two groups, the European Commission and Operators/Bidders/funders.

In considering the views of the external stakeholders it is not surprising that Operators/Bidders/funders are likely to favour the commercial stimulus model most and favour least the retaining the network in public ownership. The operators/bidders/ funders are likely to benefit most from the commercial stimulus model or a model which limits public ownership.

The WDC considers that a consultation exercise seeking the views of stakeholders would naturally include the target group, i. e. rural users (as their needs is the rationale for the Intervention) and the taxpayer (as they are likely to be significant funders). Neither of these stakeholder views were reported on. It is the duty of the State, acting in the interests of rural users and taxpayers to effectively articulate their interests.

To summarise, the WDC considers that the aim of the ownership structure should maximise private sector involvement in the rollout but minimise the loss of state control over short, medium, and especially long-term as the existence of the intervention areas are the very reason there is now a need for considerable state intervention.

It may be that some option along the spectrum, Option 2, 3 or 4 is preferable to Option 1, commercial stimulus.
Long-term public ownership affords the State control over a key strategic infrastructure, the potential of which has yet to be fully realised. This ownership and ability to intervene may be critically important in the context of other public policy objectives on years to come, for example delivery of education and health services. It is very difficult to anticipate what might

be in twenty years hence, which is another reason for the State not to cede ownership, just as it has not done so with electricity or transport networks.

7 Key elements of the proposed intervention strategy

7.5 How the network build will be funded

The WDC agrees that the overall estimated Exchequer funding parameters should not be divulged in advance of any competitive procurement process.

The WDC considers that the various sources of funding (Exchequer, EIB, European Fund for Strategic Investment) should be sourced at least cost to the taxpayer. The WDC notes the grant of €75 million under the ERDF which is an important contribution to much needed regional infrastructure.

7 Key elements of the proposed intervention strategy

7.6 Procurement

The WDC notes the intention to conduct a single tender with at least two to three lots.

Notwithstanding the provisions relating to information conveyed by bidders, in considering multiple lots it would be important that this does not lead to any regional differentiation in infrastructure which might lead to a regional divide in the deployment of services either in the short, medium or long-term. The long-term scalability of the network and its ability to provide future proofed services for the next twenty years and beyond is a very important objective of the planned intervention.

The importance of robust regulation has already been noted in Section 7.4.
Even with multiple retail service providers, Ireland is a small market with limited competition. The role of the regulator is therefore even more important.
The WDC considers that the role of the regulator may be particularly useful in more sparsely populated areas where there may be limited competition. The regulator is mandated to regulate access to networks so as to develop effective choice for consumers both business and residential. The WDC believes that the regulator in its role in promoting competition has a particular role in those areas with few market players.

7 Key elements of the proposed intervention strategy

7.7 Ensuring that the network delivers

The WDC agrees that robust governance arrangements will be required 'to conclusively deal with outstanding high speed connectivity issues in areas where the commercial sector will not invest'.
Governance should include build out milestones with claw-back mechanisms as outlined.

The WDC believes strong consideration should be given to including a mechanism to review the minimum standard of upload and download speeds possibly every 5 years (or more frequently depending on technological change and demand requirements), and raise the minimum standard accordingly. With this in mind the WDC considers that 6Mbps download and 30 Mbps upload seems low as a minimum standard to apply for the next 20 years. Acceptable and required broadband speeds are increasing all the time. What was deemed a minimum standard ten years ago would not be considered acceptable now.

The WDC agrees with the other proposals listed in the Draft Strategy to ensure delivery and minimise under performance.

In designing the key performance indicators, DCENR need to ensure that the service deliverables comprehensively capture and reflect the primary aim of the Intervention, which is to deliver high speed broadband services to the consumer and rural residents.
The WDC agrees with the use of claw back mechanisms for the State for profits from the network that exceed expectations.

7 Key elements of the proposed intervention strategy

7.8 Key features of the wholesale network

The WDC supports the intention that there will be multiple retailers purchasing services from the wholesale network company, which in turn will help ensure competition in service delivery at the retail level.

The WDC is concerned that in situations with limited if any market activity, service levels may not be as good as in other areas with many providers and greater competition. Wherever possible it is important that service levels are improved through targets, regulation, enforcement and improved industry processes. In this regard it would be important to ensure that the cost of accessing the wholesale services should be benchmarked against the most comparable regulated prices in the MOST COMPETITIVE commercial areas. This will help ensure market entry by the greatest number of retail providers and in turn a higher degree of competition in retail services.

The WDC agrees that retailers need to have equal access to the network and supports the proposed measures designed to support equal access by retailers and the wholesale network operator.

The WDC agrees that measures to support access to the network by smaller retail companies are important. These smaller operators have provided a useful service in more rural areas where provision by the larger operators was limited. It would be important that these operators can access the wholesale network and provide high speed broadband services to their consumer base.

7 Key elements of the proposed intervention strategy

7.9 Time frames for rollout of the network

The Draft Intervention Strategy notes that the network could be rolled out within 3-5 years of the contract being awarded. While this would be most welcome and especially in those areas that have poor and inadequate broadband for many years, the Australian experience highlights difficulties with ambitious timelines. For example the original deadline for completion of a nationwide fibre rollout was within six years (2015). By the end of 2013 just 3% of premises were connected.

Though Industry may be best placed to determine the sequencing of the network, it would be important that this is done in consultation with consumer needs and business groups, and areas of particularly poor service and areas of strong demand.

Part of the Australian Review included an assessment of the growth in demand for faster broadband speeds. A key finding is that while the Willingness to Pay for speed may grow rapidly at low speeds (less than 40 Mbps download), for most people the Willingness to Pay is not expected to grow at all for high speeds (greater than 50 Mbps) .
A related finding is that consumers would prefer an increase to their current speeds quickly, rather than to wait longer to gain a higher level of speed. The Australian Government are now looking at prioritising delivery to those areas which are poorly served. And this is consistent with the findings of the Independent Review. (http://www.nbnco.com.au/content/dam/nbnco2/documents/soe-shareholder-minister-letter.pdf)
In an Irish context, as you would expect, an increase in speed from 5Mbps to 10 Mbps is worth more to consumers than an increase from 20Mbps to 25Mbps. The Australian experience also suggests it would be preferable to rollout delivery to those areas with poor and inadequate broadband first.

7 Key elements of the proposed intervention strategy

7.10 Time frames for connecting premises

The WDC welcomes the proposed minimum connection times for orders of high speed broadband as outlined in the Draft Intervention Strategy.

Governance arrangements to ensure compliance will also be needed in addition to the service credits suggested where targets are missed.

7 Key elements of the proposed intervention strategy

7.11 Connecting consumers - existing and new premises

The WDC agrees that as many premises as possible should be connected during the deployment stage.

The WDC considers that the issue of connection costs could prove very contentious, depending upon the level.
It would be preferable that these costs are minimal and are built into the monthly retail price offered by the retailer. Otherwise this will influence the take-up of next generation services. Broadband is now accepted as a basic utility and access to it is considered necessary for participation in society and the economy. Basic utilities should not be expensive. The concept of 'Willingness to Pay' is a key element of the pricing structure.
It will be interesting to see from the trials of next generation broadband (in Cavan and Mayo for example), to what extent consumers will revert to a basic service at a cheaper price rather than paying extra for a premium product. The consumers in the pilot areas are likely to be more receptive to paying for (what is now regarded as) a premium service which they currently access, than those yet to experience the benefits of the premium next generation service.

In particular, the SME sector needs competitively priced good quality broadband services to enable it to trade internationally. While improved broadband speeds are a national issue, it is particularly important to ensure acceptable broadband speeds for rural businesses and those needing to trade on-line. Technology can reduce distance to market for more peripheral locations but only where quality services are available at a competitive price.

In terms of excess connection charges, in those 'exceptional circumstances' where these are required, the price needs to be set out in a transparent manner and needs to be not unduly prohibitive and in line with other comparable utility charges.

7 Key elements of the proposed intervention strategy

7.12 Availability of services

The WDC supports the NBP objective that the network will be required to pass all residential and business premises in the IA, and to connect premises on request during deployment.

A communication strategy will be needed, to maximise initial connection and take-up. It would be important to provide as much notice and information to each resident regarding when the connection period is, the advantages of connection, the advantages of connection at that point in time (rather than deferring connection) and disadvantages in delaying connection.

7 Key elements of the proposed intervention strategy

7.13 Demand measures

The WDC supports the objective of ensuring strong demand for services from the outset.

Proposals by bidders outlining how they can encourage early take up and how they might engage with local communities would be welcome.

From a WDC perspective access to quality broadband services can be of greater advantage to more rural remote communities allowing them to overcome the limitations of distance to market and help promote economic activity through on-line trade. On-line access is also more imperative in rural locations where traditional service delivery (banking etc) is under threat or it may always have been limited (education services). Therefore it could be argued that on-line access to enable service provision in rural areas has a higher value in the context of limited alternatives and distance to market. Therefore it is likely that there will be much demand for services at an affordable price.

In summary, the WDC welcomes the opportunity to submit its views. The WDC has engaged with the issue of broadband since 2000 and believes that this Intervention is the most significant by far in its potential to transform opportunity across the Western Region and all of rural Ireland for every citizen. In doing so the social and economic benefits are considerable and to a large degree as yet unquantifiable given the many applications (such as health and education) yet to be realised.

In deciding on the form of Intervention, the ultimate aim is to provide an infrastructure that delivers best to those citizens who do not have and will not have access to commercially deployed broadband now and for the next twenty years and beyond.