

07 December 2004

Postcomm consultation.

Para S2 of the summary sets out the hope that opening the market to increased competition will enable customers to make their own choices about which licensees to use, but the recommendations fail to consider what choices will be available to customers in rural areas and fails to consider the likely impact of the proposals on rural areas. It is not clear from the document how, in these proposals, regard has been had for “the interests of those who... reside in rural areas”. (P.6 par 1.3). Indeed it is hard to see how, if at all, the proposals have been “rural proofed”.

There appears to be nowhere that the critical issue of how entry into the market of small local operators will affect the universal provision has been considered. The possibility of urban and suburban areas being “cherry picked” leaving the rural areas to one side has not been addressed in the recommendations.

Competition in the market needs to be fair competition. It cannot be equitable to require one operator to provide a universal service (with all the issues about remote rurality that brings) and yet to allow other operators to opt for easier areas. The potential damage to the remote rural areas is both obvious and un-addressed by the proposed licensing system.

It follows therefore that to safeguard the universal provision that new operators coming in to the market need to have licences requiring them to provide a service in the difficult geographical areas as well as the easier ones. Anything less is not fair competition and not in the interests of rural customers.

It is worth seeing a parallel with the provision of Broadband in rural areas. Competition alone has not resulted in Broadband being available in rural areas. In urban and suburban areas customers have had a choice of Broadband supplier. In rural areas customers have not. Where Broadband has become available it has been because of intervention to deliver what competition cannot. Broadband is becoming available in the rural areas of West Midlands because of the actions of Advantage West Midlands, the Regional Development Agency, who have recognised the economic and social disadvantage that was being caused to rural areas by having an inferior service.

Any licensing system that allows operators to provide different levels of service in different areas (or operate only in particular areas) will inevitably result in an inferior service to rural areas.

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