

Ms Ann Jones AM
Chair of the Communities, Equality and Local Government Committee
National Assembly for Wales
Cardiff Bay
Cardiff, CF99 1NA

Monday 25th July 2011

Dear Ms Jones,

Re: Universal Broadband in Wales

I am writing following the welcome announcement that Wales is to receive almost £57m from the UK government to improve its broadband coverage. It's certainly positive news. Academic studies show the positive impact improved broadband can have on the community. Indeed one 2009 OECD-World Bank study looking at the benefits argues that every 10% increase in broadband penetration brings more than 1% extra GDP growth.

Arqiva believe that there is an ever-greater social and economic cost to each person who falls, or is left behind on the wrong side of this 'digital divide'. Research suggests that consumers and SMEs left without broadband would be disproportionately rural - which is a significant factor in Wales.

We believe, the overriding public policy objective should be to deliver universal access to broadband. However, it is crucial that the political commitment to achieving universal access to broadband by 2015 is not lost in the arguments about who should receive 'superfast' broadband first... and how. The real gain for Wales and UK plc is to achieve universal access to broadband - not to push fibre to 90% penetration and then stop. We believe there would be a considerable opportunity cost (both economically and socially) if consumers who already have access to broadband were "super-served" with fibre... while those who currently have little, or no broadband provision remain under-served and left behind.

While the debate, both in Wales and across the UK, has considered how universal broadband could best be achieved, there is a risk that the emphasis on maximising penetration of 'superfast' could leave no public subsidy remaining for potentially millions of rural consumers, farmers and other SMEs.

It is a message we delivered in the Westminster Parliament, when we gave oral evidence to the Culture, Media and Sport Select Committee's Spectrum Inquiry last month, and the message we communicated to the House of Commons Committee on Welsh Affairs when we submitted written evidence to their current Inquiry into Broadband in Wales.

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Fixed solutions alone cannot deliver universality: Where fibre is not cost effective, *we believe Wireless broadband is the only practical solution*. Arqiva believes all the evidence indicates that the optimal means of securing universal access to broadband requires a mix of technology solutions.

Therefore Wireless broadband must be an essential part of the solution to be procured by the Welsh Assembly Government, either by ensuring its complimentary procurement for the final 10% alongside superfast, and/or by Ofcom ensuring that universal coverage is required in a 4G licence for mobile broadband.

To help achieve this, we recommend that Ofcom should be obliged:

- to increase the scope of the coverage obligation to, say, 99% population;
- to measure that obligation by Nation, so Wales benefits equally;
- to double the size of the spectrum the obligation attaches to, to a third of the 800 MHz spectrum.

I ask you to pressure Ofcom and ensure that this once-in-a-generation opportunity isn't lost.

It is also worth noting that – in a separate procurement exercise, the Westminster Government is about to decide whether smart meters should be deployed universally in Wales so that all Welsh consumers would be able to make the same informed decisions to reduce their energy consumption. Arqiva believes that – as with broadband - universality must be a key objective of that programme too.

Kind regards

Yours sincerely



John Cresswell