

Devolution and the regulatory state: Broadband and telecommunications



Ewan Sutherland

LINK Centre, Wits University
CRIDS, University of Namur

Introduction

- ▶ The devolved state and the regulatory state
- ▶ Interventions to support broadband
- ▶ Network governance
- ▶ The politics of broadband
- ▶ Coordination mechanisms
- ▶ Conclusion
- ▶ Further research

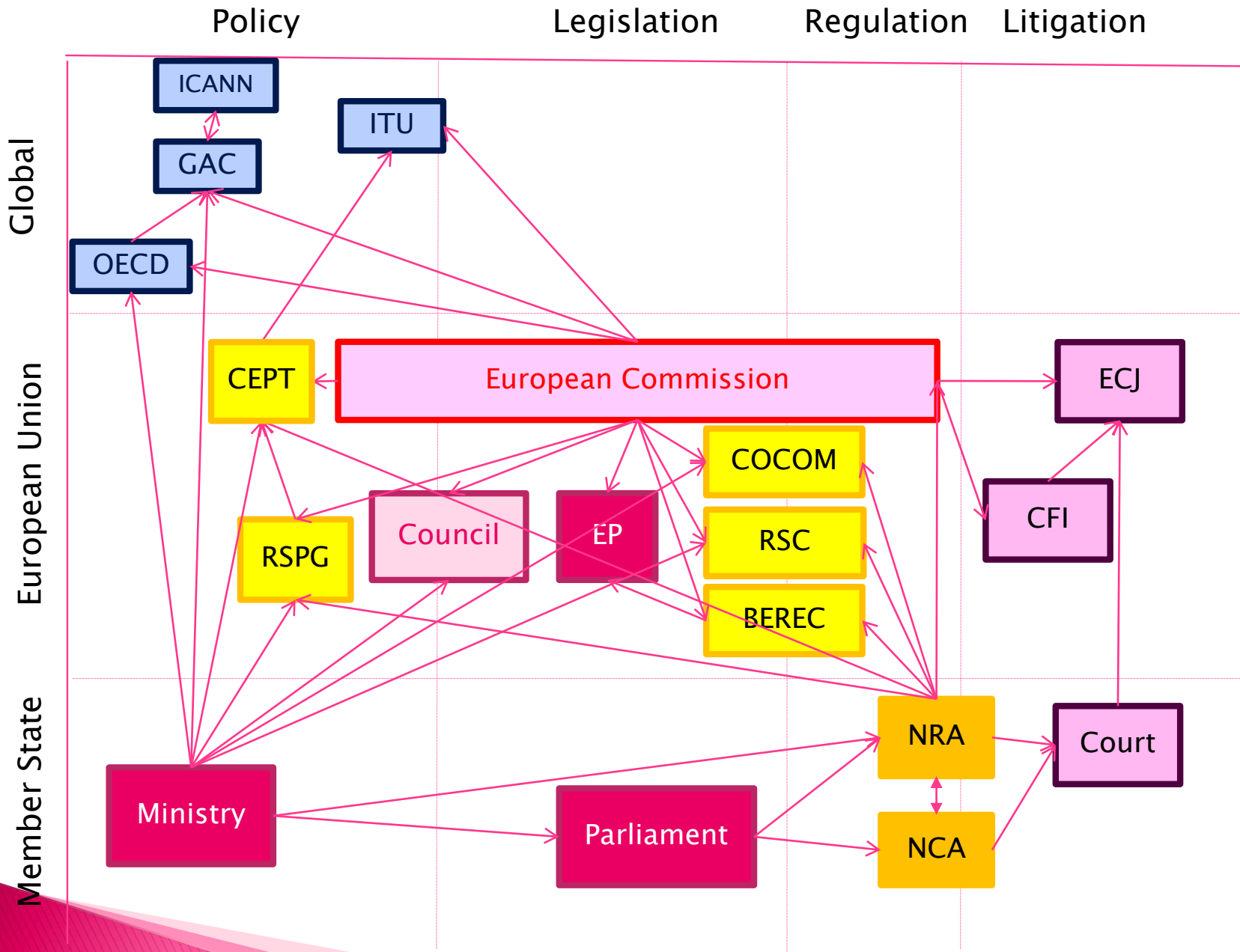
The UK as a devolved state

- ▶ Scotland Act 1978
- ▶ Scotland Act 1998
- ▶ Scotland Act 2012
- ▶ Debates about:
 - Devo+
 - Devo–Max
- ▶ Separate and distinct from:
 - Northern Ireland Act
 - Wales Act
- ▶ Federalism:
 - About which we do not talk

Independence – requires a new legal framework, splitting licences and markets.
<http://papers.ssrn.com/abstract=2096818>

The UK as a regulatory state

- ▶ Separation of BT from the Post Office
- ▶ Privatisation of BT in tranches
- ▶ Introduction of competition:
 - Fixed
 - Mobile
- ▶ Regulator:
 - Office of Telecommunications (OFTEL)
 - Office of Communications (OFCOM)
- ▶ Legislation:
 - Enterprise Act 2002
 - Communications Act 2003 (as amended)



Policy

Legislation

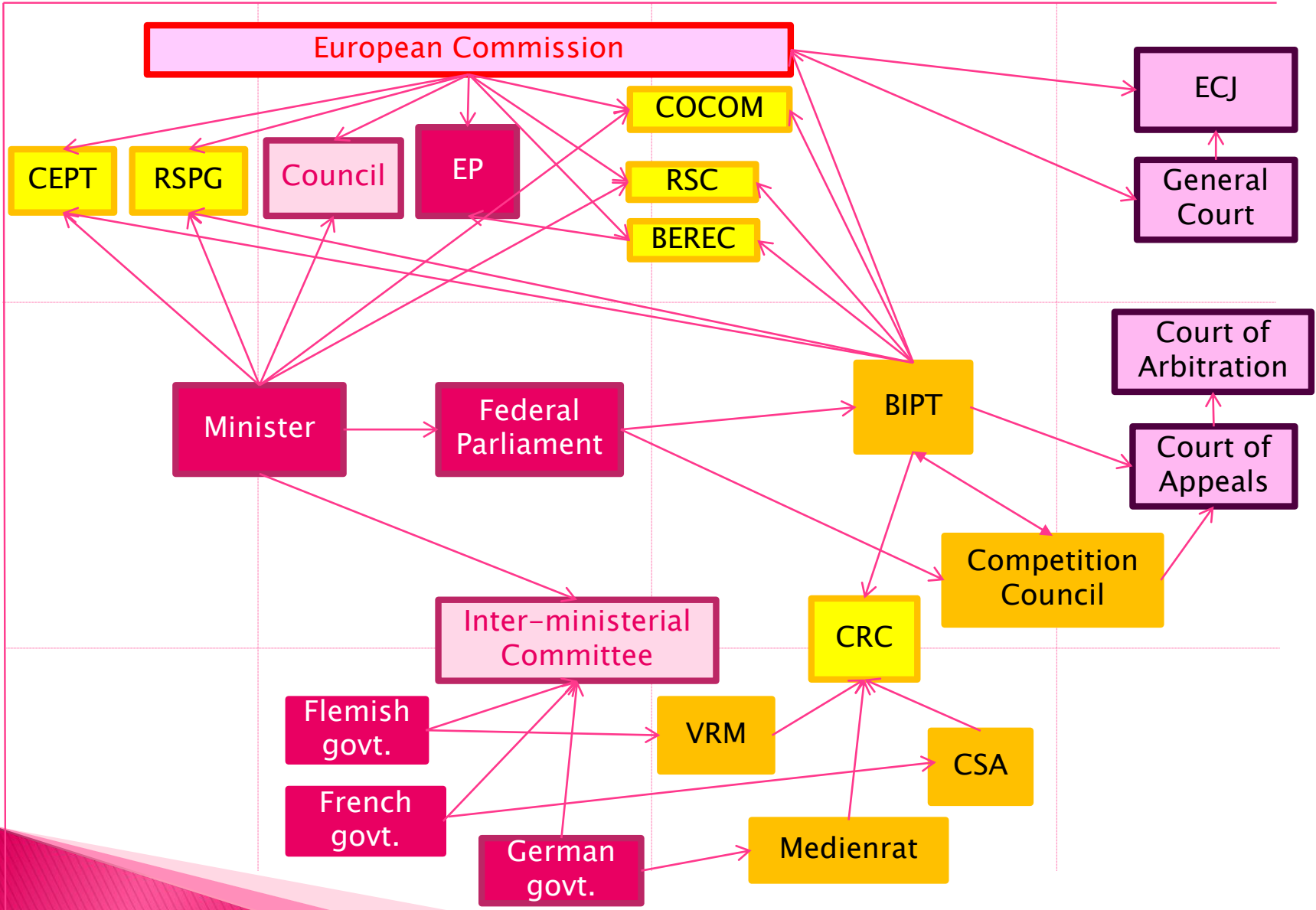
Regulation

Litigation

European Union

Belgium – federal

Belgium – regions



Interventions to support broadband

- ▶ **Market power:**
 - Sector regulation:
 - Wholesale access pricing
 - Competition policy:
 - State aid rules and
 - Merger control
- ▶ **Positive externalities:**
 - Network externalities:
 - Promotion of e-health and e-learning
 - Overall economic growth:
 - Increasing availability and adoption

Interventions

- ▶ European Union
 - Legislative framework
 - State aid rules
 - Connecting Europe Facility (CEF)
- ▶ United Kingdom
 - Regulation (e.g., Openreach)
 - Increase availability (e.g., cities and rural)
 - Increase uptake (e.g., Go ON UK)
- ▶ Scotland
 - Communities Broadband Scheme

Options for improvement

- ▶ Strict use of “better regulation”
- ▶ Identification of the source of funds
- ▶ Structures:
 - National representatives on OFCOM board
 - Transparency of Joint Ministerial Committee
- ▶ Processes:
 - Adoption of comprehensive UK broadband plan
 - Devolution of telecommunications

Conclusion

- ▶ Splitting off part of the single UK market:
 - Technically difficult; and
 - Hard to justify economically
- ▶ Little sign of a single digital EU market
- ▶ Policy not-spots in present arrangements are largely ignored
- ▶ Interventions can be extremely complex because of regulatory complexity
- ▶ Regulatory state not aligned with the devolved state

Further research

- ▶ Costs and benefits of a single market
- ▶ The federalism question
- ▶ Identification of “best practice” mechanisms for UK:
 - Devolved state
 - Regulatory state
 - Joined-up state
- ▶ Costs and benefits of simplification and harmonisation
 - European Union
 - United Kingdom

Thank you

Ewan Sutherland

<http://3wan.net/>

sutherland [at] gmail.com

+44 141 416 0666

skype://sutherland

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