



Facilitating competition in broadband service provisioning

OOCUR 10th annual conference 2012

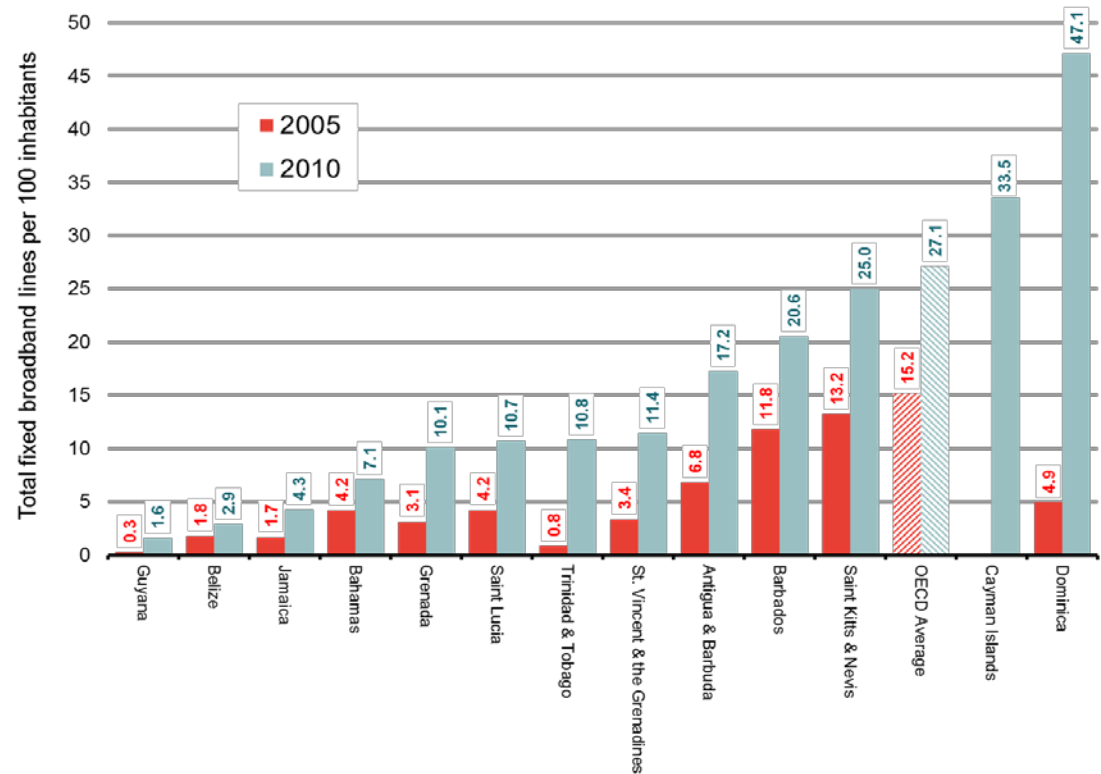
09 November 2012

Consumer experience of broadband services in the region is mixed

Due to associated wider socio-economic benefits, there is a general desire to facilitate broadband take-up. But regional experience so far is mixed

1

Despite recent growth, the region is experiencing lower take-up levels than elsewhere

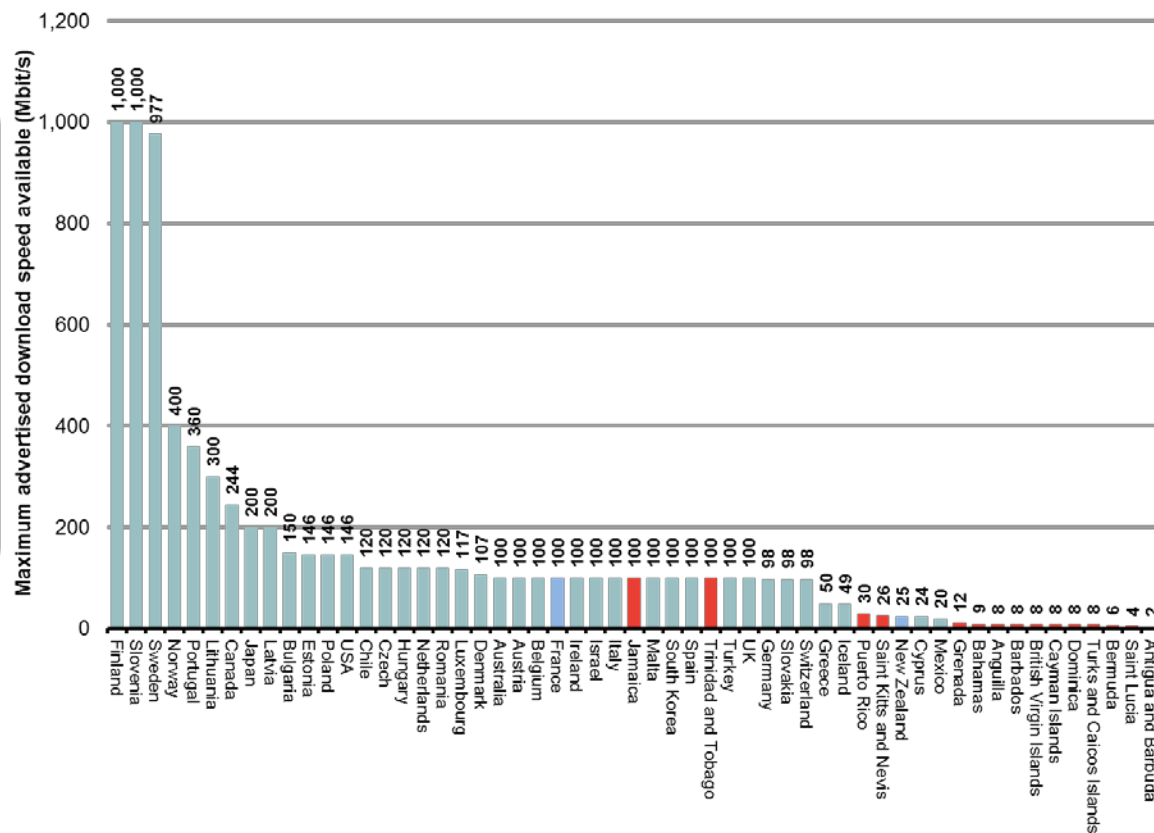


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2

Available download speeds are lower than elsewhere

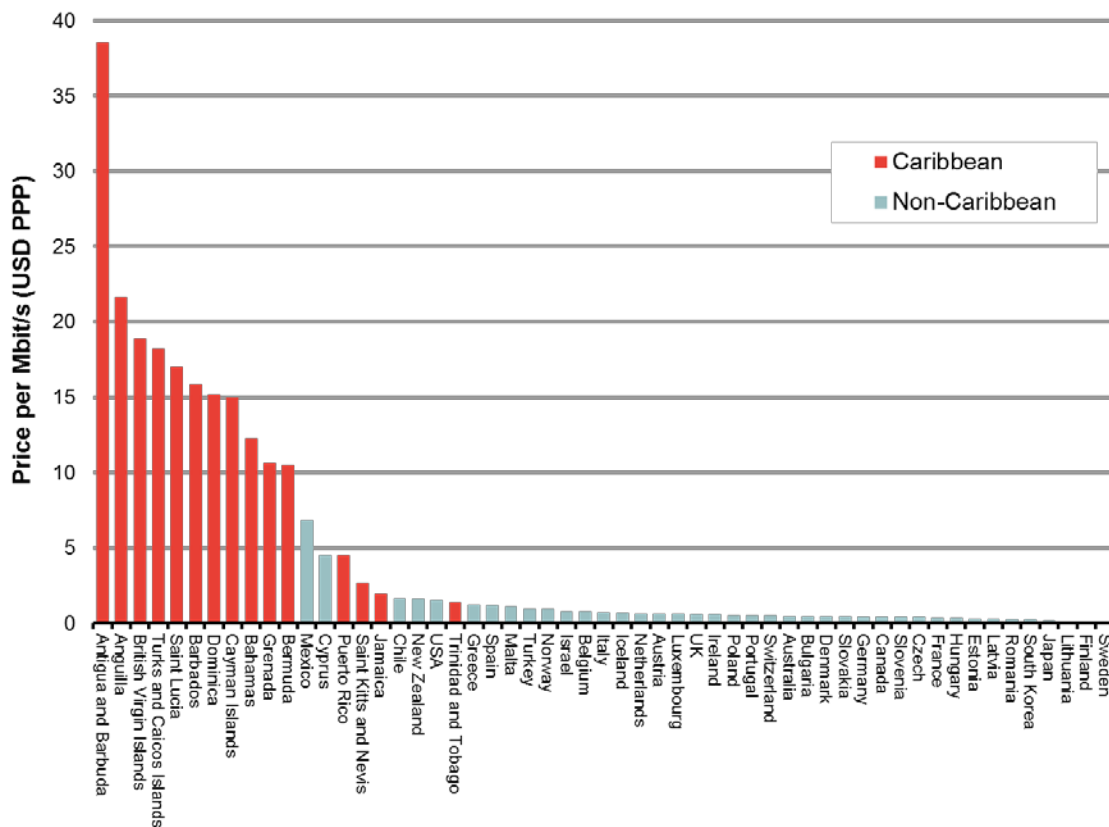


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3

Average prices are higher than elsewhere, especially if controlling for download speeds



Level of competition can be a key driver of service take-up

Likely to be a number of reasons for the status quo:

- Low population density
- Overall market size
- Topography
- International connectivity (capacity & costs)

But, level of competition is commonly a key driver of consumer outcomes

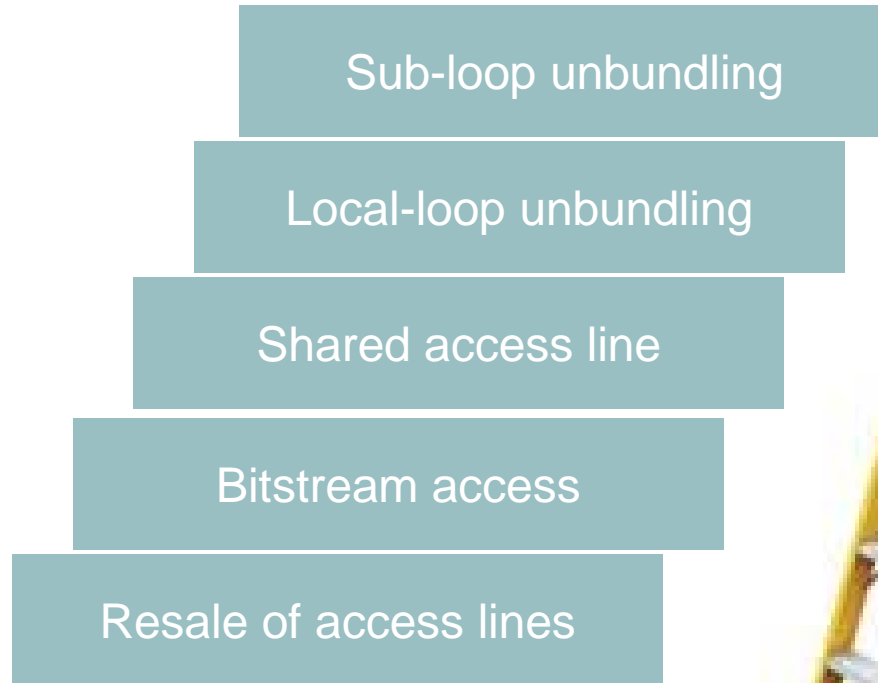
Wholesale access competition could be a way forward

Scope for further end-to-end entry likely to be limited

- Many markets have already a fixed and cable incumbent
- High mobile service take-up in most markets

Thus, if existing infrastructure competition is insufficient, (regulated) access to incumbents' networks is important for competition

There are different forms of access product, varying in the investment required by access seeker



But, need for access regulation will depend on local market environment

Implementing access regulation can be time and resource intensive, especially in smaller economies

When reviewing its merit, it is important to take local market environment into account

Existing alternative end-to-end networks

- Role of 4G/LTE services going forward
- Role of cable networks going forward

Impact on transition to fibre-based networks

- Pricing of copper access
- Stranded investments
- Incentives for incumbent to invest in fibre

'Lighter' forms of access regulation may be more suited for the region

Issue	Considerations	Implications
Implementation	Potentially significant implementation costs and time, especially for LLU	Lighter obligations may be more favourable (e.g. resale and bitstream)
Demand for access products	'Deeper' access products will require investments on both sides, especially time for incumbent to set up offer etc. Need to be sure there is reasonable likelihood of demand arising for these products.	Lighter obligations may be more suitable for many jurisdictions
Transition to fibre networks	Many access products were designed for copper networks. Need to ensure transition to fibre networks is taken into account.	Need to take into account both practical considerations (what is possible?) and implications on fibre investment incentives

Conclusions

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- Given limited scope for further end-to-end entry, wholesale access regulation may be a suitable way forward
- However, before imposing any access regulation there is a need for full market review
 - Access regulation could then be one of the regulatory remedies for dominant operators

Conclusions

- Enhancing competition considered to be a catalyst for better consumer outcomes
- Given limited scope for further end-to-end entry, wholesale access regulation may be a suitable way forward
- However, before imposing any access regulation there is a need for full market review
- Any access regime needs to be designed to suit the local market environment



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