Devolution and the regulatory state: Broadband and telecommunications

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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)
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

Ewan Sutherland, 23 November 2012, RSA Winter Conference, Bloomsbury
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

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