

# 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

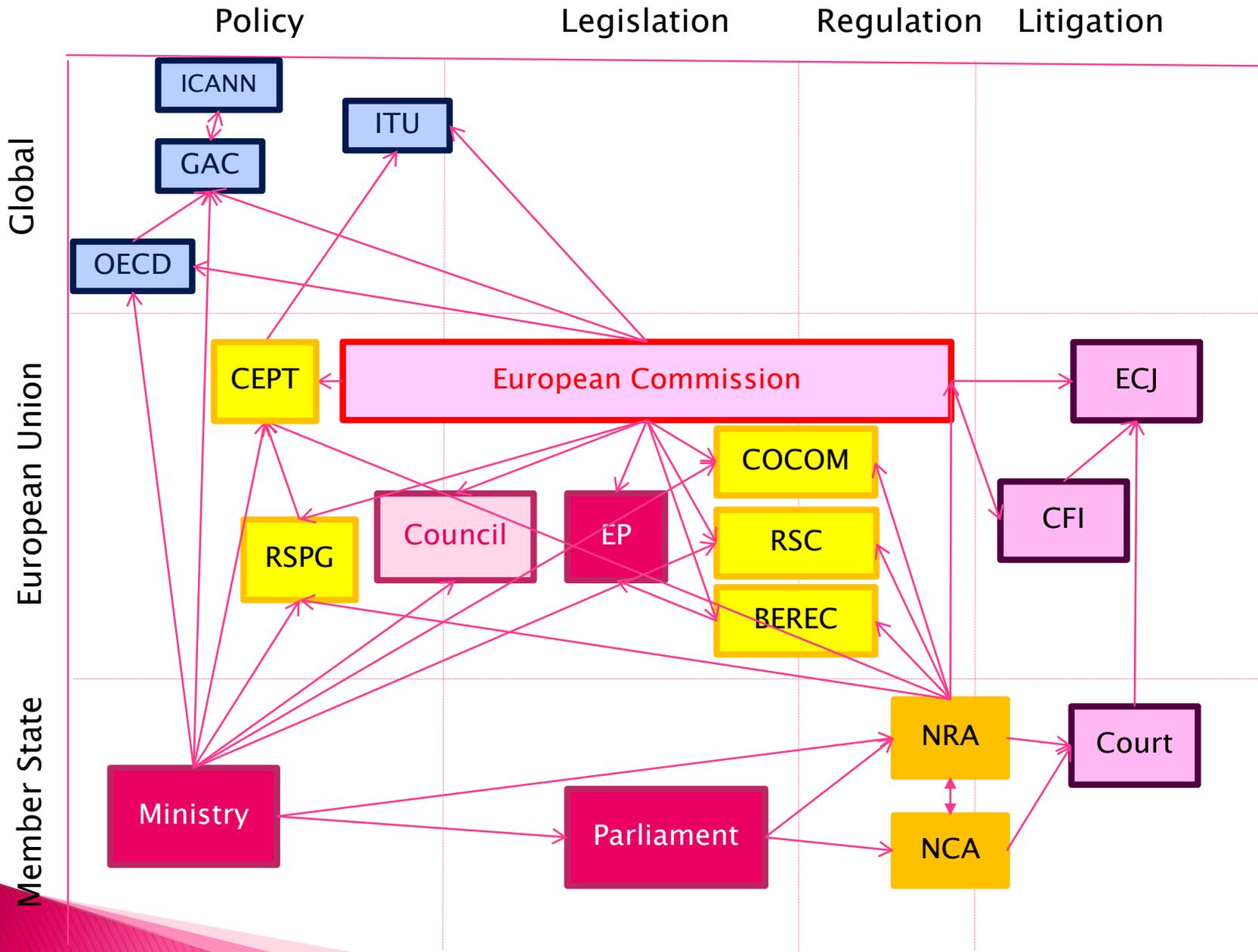
# The UK as a devolved state

- ▶ 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

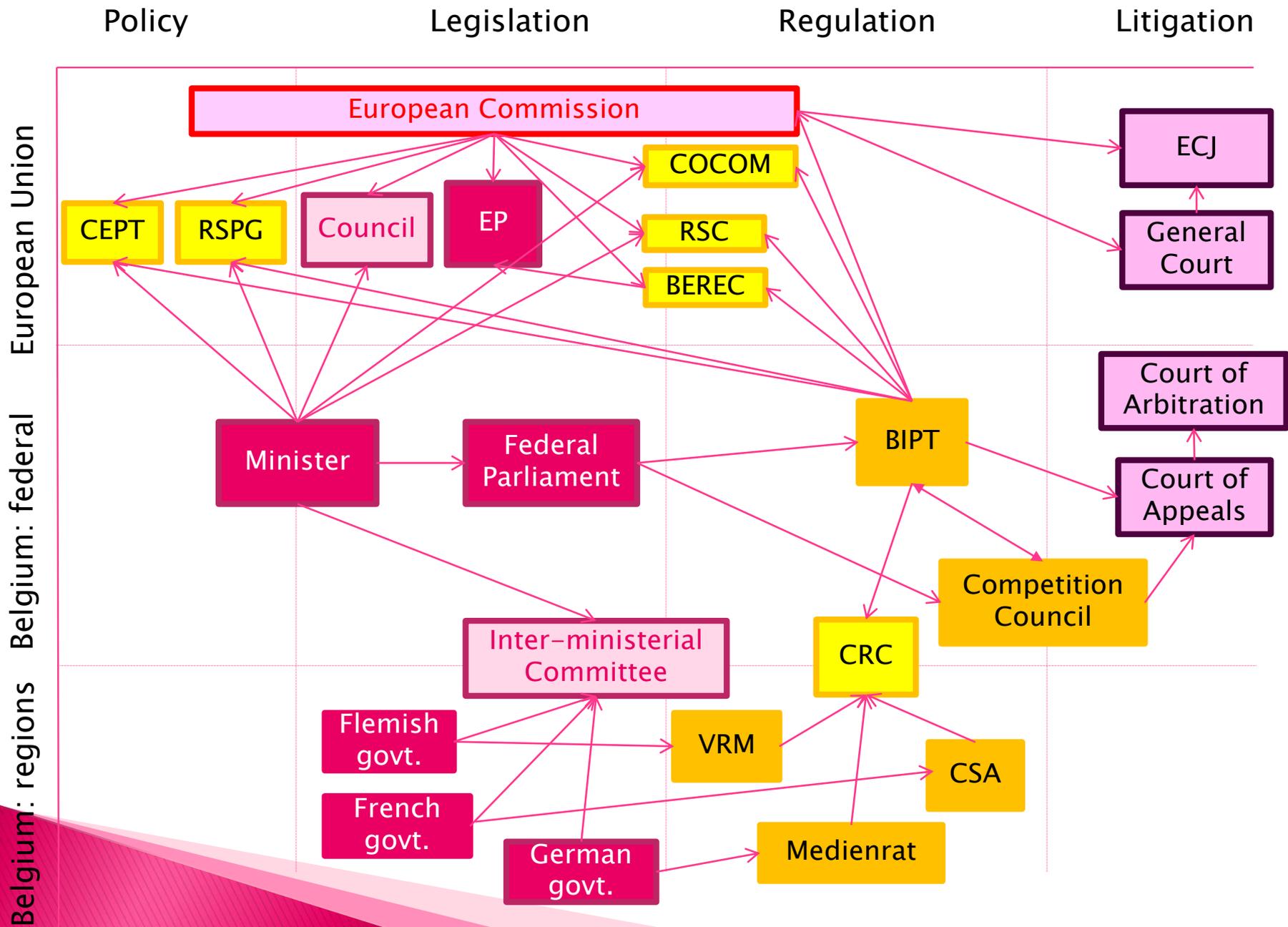
Independence – requires a new legal framework, splitting licences and markets.  
<http://papers.ssrn.com/abstract=2096818>

# 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)
- ▶ Current legislation:
  - Enterprise Act 2002
  - Communications Act 2003 (as amended)



# The Kingdom of Belgium



# 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
    - Broadband UK (rural)
    - Superconnected cities
  - 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
  - Non-transparency of Joint Ministerial Committees
- ▶ Processes:
  - Adoption of a comprehensive UK broadband plan:
    - Consultations
    - Impact Assessments
  - 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 is 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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