

23 September 2015

Gibraltar Regulatory Authority
Attn. Mr Gavin Santos
Communications Manager
2nd Floor
Eurotowers 4
1 Europort Road
Gibraltar

Dear Gavin,

Public consultation C07/15 – Designation of Universal Service Provider

Enclosed please find Gibtelecom's response to the Authority's Designation of Universal Service Provider public consultation C07/15.

Yours sincerely,



Rachel Holgado
Regulatory Officer

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Gibtelecom response to GRA public consultation of designation of universal service provider.

Public consultation C07/15

Introduction

1. Gibtelecom below presents its comments to the Authority's public consultation C07/15 published on 9 September 2015 on the designation of universal service provider (USP). The Authority allowed interested parties a period of two weeks in which to submit comments.
2. The Authority is proposing to maintain Gibtelecom's status as USP, with the Company continually being designated as such since 2002.
3. Gibtelecom would accept a designation as the USP in each of the specific categories being put forward in the Consultation, subject to no other provider applying and being found to be suitably qualified.
4. In accepting a designation as the USP, Gibtelecom continues to reserve its right under EU and Gibraltar law to request the recovery of some of the financial load of providing universal services, in particular through a universal service fund financed by what is a maturing and competitive market with other local authorised operators.

Specific GRA questions

Q1. Should the designation period duration be kept at 3 years? Would you consider it as an appropriate designation period?

Gibtelecom considers a 3 year designation period as appropriate. This is the same timescale the Company has previously argued for¹, for instance in relation to the provision of directory services, and to which it is currently subjected. However, given the maturing market, Gibtelecom would understand if the GRA wished to revisit this matter in a shorter timescale.

Q2. What are your views in relation to the proposal that Gibtelecom should be designated as universal service provider with respect to the provision of access at a fixed location and the provision of telephone services? Are there other factors which should be considered by the Authority in making this designation?

Gibtelecom would accept the designation in accordance with the Authority's previous Decision Notices² on universal service obligations.

Gibtelecom is a fixed line operator with ubiquitous coverage throughout Gibraltar at this time and continues to be the major fixed-line provider in the market. In response to a reasonable consumer request, Gibtelecom will provide a fixed line connection.

The ability to meet this universal service obligation should be conditioned to the right of Gibtelecom as USP to have access to all buildings in Gibraltar. As mentioned in the Company's responses to the previous USO public consultations (public consultations 04/2007; 04/09; and 06/12) Gibtelecom no longer receives notices of any upcoming building developments or other work on existing or new infrastructure from the town planners. Gibtelecom therefore finds that it may not necessarily be in a position to deliver universal access as required by the Authority.

¹ See Gibtelecom submission to GRA public consultations 04/09 and 06/12

² GRA Notice 1/2002; Decision Notice 05/2007; Decision Notice 06/09 and Decision Notice 09/12

The Authority should also note that in some developments where Gibtelecom is not allowed to provide its own in-building wiring the Company may also find itself restricted in delivering universal access. Gibtelecom's ability to fulfil its USO obligations in this regards could therefore, in the absence of the relevant regulatory and other public authorities' intervention, be curtailed.

Q3. What are your views in relation to the proposal that dial-up services should no longer be considered in this review due to the inadequate functionality when compared to the more popular broadband services?

Gibtelecom does not object to the Authority removing the requirement to have dial-up internet services removed as a USO obligation.

Q4. Do you agree with the proposal that the minimum broadband speed for functional internet access should be raised to 10Mbps considering the forward looking basis of this review? If not, please give reasons for your answer.

Gibtelecom assumes that the minimum broadband level being put forward by the Authority is an expression of download speed.

The Company agrees with the general view that in this day and age the minimum download speed for functional internet access should be increased from the existing dial-up minimum download speed of 56kbps. The Company has invested very heavily in the latest VDSL2 technology over the past years to ensure ubiquitous superfast broadband coverage up to 100Mbps across Gibraltar. As a result Gibraltar already mostly supersedes the EU's Digital Agenda targets for broadband speeds and availability set for 2020.

The Company would nevertheless recommend that the minimum broadband speed be set at 4Mbps. This is based on the following set of factors.

1. Well over half of Gibtelecom's broadband customers are currently on the Company's 4Mbps or 8Mbps offerings. A good majority of these (nearly 80%) are currently sitting on 4Mbps despite Gibtelecom's introduction of higher download speeds; various price reductions; and other incentives primarily designed to offer customers the option to move to higher speeds. The Company has not seen a mass migration by customers from the lower 4Mbps or 8Mbps offerings and this could be indicative of a preference by users to remain at these speeds because they are sufficient for their purposes, with most opting to remain at 4Mbps. Indeed, a contributory factor may be that the speeds are not contended and are generally running higher on average than those available in other countries.
2. A 10Mbps minimum download threshold would only be possible if customers were on Gibtelecom's VDSL2 platform. The Authority should note that due to technical and other restrictions in two or three pockets across Gibraltar, it would not be possible at this time to offer the proposed download speeds to every customer. These technical restrictions are down to Gibtelecom not been able to install the necessary technology in these areas due to planning and landlord constraints. These include the extensive refurbishment works being carried out in the Moorish Castle Estate area. Gibtelecom is using its best endeavours to make this newer technology available to those subscribers who currently do not have access to the Company's VDSL2 network, however, the Company does not currently have a

definitive timeframe for the resolution of these restrictions as these are down to external factors beyond its control.

From an operational and technical perspective, it would therefore be more efficient and make more sense to have the minimum download speed set at 4Mbps. This is where the majority of Gibtelecom's customers reside, which could signify that their bandwidth requirements are met by this speed. It is also worth noting that the Authority is acknowledging that services such as high-definition video can be met by download speeds of 4Mbps.

As a side note, Gibtelecom would like to clarify that its 4Mbps service is priced at £24pcm and not £25pcm as stated in the Authority's public consultation.

Q5. What are your views in relation to the proposal that Gibtelecom should be designated as Universal Service provider with respect to the provision of directory enquiry services and directories? Are there other factors which should be considered by the Authority in making this designation?

Gibtelecom would continue to accept the USP designation for the reasons given in the Authority's Notice 1/2002; Decision Notice 05/2007; Decision Notice 06/09; and Decision Notice 09/12 in the absence of any other expressions of interest by qualified persons.

While the provision of directories can be profitable, the provision of a comprehensive directory enquiry services imposes disproportionate costs. If the Authority designates any other provider for this element, Gibtelecom continues to caution that it should be for all three aspects of directory information: directory enquiry services, the telephone directory publication and related website.

Gibtelecom would also like to point out that the ability to keep a record of all subscribers of publicly available telephone services in Gibraltar, and therefore meet universal service obligations, is dependent on the correct and timely provision of such data from all operators. Gibtelecom cannot therefore be held responsible for not being able to provide details of other operators' subscribers through its directory enquiry service or provision of directory services until the Authority finds a way to enforce other operators to supply their information by the due dates.

Q6. Do you believe that the present provision of directory enquiry services and the telephone directory meet the needs of end-users?

Yes. Gibtelecom believes that the present provision of directory enquiry services and the telephone directory meet the needs of end-users. The directory enquiry service is widely used by Gibraltar consumers through various media, including having a large-print directory for those users who are visually impaired. To date, this has not generated any appreciable number of complaints. As the Authority is aware, these services are used by other authorised operators and their customers.

Q7. What are your views in relation to the proposal that Gibtelecom should be designated as Universal Service provider with respect to the provision of public pay telephones and other public voice telephony access points? Are there other factors which should be considered by the Authority in making this designation?

Gibtelecom would accept the designation in accordance with the factors invoked in Notice 1/2002 and reinforced in Decision Notice 05/2007, and again in Decision Notice 06/09 and Decision Notice 09/12, assuming no other organisation expresses an interest in supplying public payphones.

Nevertheless, in today's world of "communications on the move", payphones are only sparsely used by residents and visitors. Their lack of usage, coupled with the costs associated with their upkeep and maintenance, means Gibtelecom continuing to incur a financial loss each year in providing this service. The Company therefore needs to look into how best to proceed with seeking to recover the financial burden that the provision of this particular element at least represents on the Company.

Q8. What are your views in relation to the proposal that Gibtelecom should be designated as Universal Service provider with respect to the provision of specific measures for disabled end-users? Are the proposed set of obligations appropriate, or should a larger or smaller set of obligations be imposed?

Gibtelecom would accept the designation for specific measures for disabled users. The Authority detailed the scope of the USP obligations towards disabled users in Gibraltar in its Decision Notice 06/2009 and then again in Decision Notice 09/12. Separate obligations are listed for three sets of disabled users.

1. for the hearing-impaired;
2. for those with limited dexterity or mobility; and
3. for those with restricted vision

Gibtelecom believes that these sets of obligations remain appropriate and that the Authority, based on previous correspondence on the matter, is content that the Company already meets these requirements, including having a dedicated section on its website with information on accessibility services.

Gibtelecom also accepts the three sets of specific measures provided the special apparatus can be sold at normal cost. Nevertheless, Gibtelecom would highlight that it is not necessarily the main supplier of telecommunications equipment in Gibraltar. As such, a disabled person is under no obligation to buy equipment from Gibtelecom.

Q9. What are your views in relation to the proposal that Gibtelecom should be designated as universal service provider with respect to the provision of affordability of tariffs for universal services? Do you think the current measures outlined above provide suitable protection for vulnerable users?

If Gibtelecom is designated as the USP it would once again accept taking on this obligation for the five elements described under USO obligations.

As the current USP, Gibtelecom continues to cater to the needs of vulnerable users with a series of schemes. These have previously been deemed as adequate by the Authority for protecting the needs of those that required protection. Gibtelecom considers these protection schemes, listed below, are still adequate.

- Repayment Plan: Gibtelecom offers a repayment plan to help customers pay any overdue and outstanding amount on their telephone bills over an agreed period of time, usually limited to six months.
- Restricted Service: Gibtelecom also makes available a scheme to help customers reduce usage charges by restricting all outgoing calls (except emergency service calls) whilst allowing continued receipt of incoming calls. This can be phased out when all overdue bills have been paid under the repayment plan. The restricted service scheme also has the advantage that when full outgoing call service is reinstated, no restoration charge is usually levied.

- Age Pensioners Scheme: Gibtelecom runs a special scheme benefiting old age pensioners who qualify for the Government's Housing Rent Relief program. The Scheme entitles them to a free transfer of their line to another location in Gibraltar, replacement of faulty phones and a monthly free call allowance.

Generally, Gibtelecom believes that prices for universal services should be set at market levels, including those for minimum broadband speeds. Gibtelecom holds the view that it is best to assist vulnerable customers directly rather than set an artificially low and distorting price applicable across the board to all users regardless of need.

General Comment

Gibtelecom would like to point out that with the maturity of the market and other authorised operators being active, a universal service fund, or one of the other methods of financial recovery set out in legislation, should now be formulated and established to which these operators would contribute.

End of submission