

Rapporteur's Proposal for a Government Resolution

(The English translation of the full report will be published at a later date)

I propose that the Government issue the following resolution:

Government Resolution

National plan of action for improving the infrastructure of the information society

The Government has on this date issued the following resolution:

Objective of plan of action

1. The development of the communications infrastructure is ensured so as to give citizens and businesses, regardless of place of residence or location, access to information society services as permitted by the supply of such services and required by the needs of each respective user.

Through measures in accordance with the plan of action:

the public telecommunications network will be upgraded in such a manner as to make available to users a number of subscriber connections sufficient for access to information society services,

the reasonable price of broadband services will be ensured, and

the State contribution to funding necessary for the measures will be made available.

Target level in 2010 and measures required

2. Legislation and licence policy will be the tools employed to ensure that by 31 December 2010 at the latest every permanent residence as well permanent office of businesses and public administration bodies has access to the efficient use of e-services, transmission of digital images and up-and downloading of digital music and video clips.

In terms of technology, the use of these services requires a fixed or wireless subscription connection with an average downstream rate of 1 Mbps at least.

3. The network operator licences granted by the Government will be reviewed and the obligations under possible new licences assigned in a manner enabling achievement of the target level in 2010. The change in the UMTS licence of the most important provider of communications services in non-built-up areas will be made effective as of 1 January 2010.

4. The Communications Markets Act will be amended as of 1 July 2009 in such a manner that the target level for 2010 is defined as a universal service which a telecommunications operator subject to a universal service obligation is obliged to provide to permanent residences and business offices at a reasonable price by 31 December 2010 at the latest.

The definition shall be technology-independent, permitting the universal service to be implemented as a fixed or wireless connection. The Act shall permit the modification of the definition of universal service as necessary to reflect development in the information society.

Pursuant to the Act, the Finnish Communications Regulatory Authority will by 31 December 2009 designate for each area a telecommunications operator subject to universal service obligation, which shall provide services in accordance with the universal service obligation by 31 December 2010 at the latest.

5. The Communications Markets Act will be amended as of 1 July 2009 for the universal service obligation to apply also in practice to network operators as well.

6. A telecommunications operator shall provide the universal service to users at a reasonable price in the area in which the telecommunications operator has been assigned the universal service obligation by the Finnish Communications Regulatory Authority. The Finnish Communications Regulatory Authority shall monitor the reasonableness of service fees as provided in law. Telecommunications operators will be reimbursed for unreasonable net expenditure arising from fulfilment of the universal service obligation if the conditions under law are met. However, the premise shall be for telecommunications operators also in future to perform their universal service obligations without public funding.

Target level in 2015 and measures required

7. The target will be set that by 31 December 2015, an optical fibre or cable network permitting 100-megabit connections shall be available throughout the country according to demand, and that at least 99 percent of permanent residences and permanent offices of businesses and public administration bodies have access, through a fixed or wireless subscriber line of no more than two kilometres' length linked to the said network, to communications services and other information society services that require very high-speed connections.

8. The telecommunications operators will build and maintain the public telecommunications network on a commercial basis in accordance with law, licences and

regulations. The public sector will support telecommunications operators in accordance with this plan of action if the target level for 2015 cannot be commercially achieved in a given area and this cannot be required of telecommunications operators under law, licence or regulations. The adverse effects of the business subsidies on the communications markets and competition will be minimised.

9. The public telecommunications network remaining at a standard required by the development of the information society also in non-built-up areas will be ensured as a part of overall regional and community planning. Regard will be had in planning to the needs of citizens, the business sector and public services.

The Ministry of the Environment together with the Ministry of Transport and Communications will by 1 July 2009 assess the means by which the planning of optical fibre-laying will be incorporated into overall land-use planning.

10. Under the leadership of the Ministry of Transport and Communications, the national broadband strategy of Prime Minister Matti Vanhanen's first Cabinet will be revised to support this plan of action. Particular attention will be paid to the promotion of optical fibre and wireless broadband in non-built-up areas.

The Regional Councils together with municipalities will by 30 October 2009, taking into account trends in population and regional development, assess the development of the demand for high-speed connections as well as the need for development of the public telecommunications network in the region. Based on these assessments, plans will be drafted by the two parties for the achievement of the target for 2015.

The regional plans shall comprise municipality-specific surveys of internal migration and changes in actual demand.

11. Inasmuch as the regional plans indicate that the level of service for 2015 will not be achieved commercially, the Regional Councils will put plan implementation out for competitive tendering by telecommunications operators and will select the company or consortium implementing the plan in the best and most economical manner to receive the business subsidy. The competitive tendering will be implemented in such a manner that the necessary construction can take place in 2010–2015 and the target level is achieved by 31 December 2015.

12. Customers will acquire their subscription connection at their own expense from the telecommunications operator or other provider of their choice.

Extending the domestic help credit to cover the installation and maintenance of and guidance in information and communications technology equipment, software, information security and telecommunications will also promote the equality of citizens in acquiring a broadband subscription.

13. The acquisition of subscription connections of a speed higher than the universal service level in agriculture and tourism as well as other business will continue to receive support from public funds through existing forms of subsidisation.

14. Inasmuch as the target level for 2015 is not achieved commercially, business subsidies not to exceed 67% of the costs will be given to upgrade the public telecommunications network. The subsidies will consist of a State contribution (no more than 33 percent), a contribution by regions and municipalities (ca. 27 percent) and a contribution from EU structural funds (ca. 7 percent).

The State will only contribute to those costs of regional plans vital to the achievement of the target level for 2015. The State's broadband subsidy in the years 2010–2015 will come to an estimated 11 million euro at most (at 2008 prices), however no more than the sum equivalent to the auction revenue and compensatory payments mentioned in item 16.

15. The Finnish Communications Regulatory Authority will pay the subsidy contribution of the State to the Regional Councils in accordance with the Government plan described below. The Finnish Communications Regulatory Authority will evaluate the plans of the Regional Councils towards which the subsidy is paid. The Regional Councils would use the broadband subsidy received as business subsidy towards the costs of public telecommunications network upgrades according to contracts.

16. Revenue to finance the plan of action will be accumulated through auctions of radio frequencies and, if these prove insufficient, with a telecommunications network compensatory payment to be collected from telecommunications operators as necessary. A separate Act will be enacted on the auctioning in 2009 of certain radio frequencies set aside for the provision of wireless broadband in the manner modelled by the working group which studied the issue.

In the event that auction revenue proves insufficient to finance the State's expenditure under this resolution, a telecommunications network compensatory payment will be collected from telecommunications operators on a pro rata basis based on their number of broadband subscriptions. The revenue will also be used to finance the administrative and collection costs relating to the compensatory payment.

Revenue crediting and decisions on the use of revenue¹

17. a) Budget model

The revenue from the auctions and the frequency fees are credited to the State budget as distinct items and the funding necessary to pay the broadband subsidy is allocated to the main title of expenditure of the Ministry of Transport and Communications as a distinct expense item.

The Finnish Communications Regulatory Authority pays the subsidy to the Regional Councils on the basis of the plans submitted by these in accordance with the plan on the national need for funding and its regional allocation adopted by the Government.

17. b) Fund model

The revenue from the auctions and frequency fees is credited to an extra-budgetary fund from which the broadband subsidies are paid. The Act on the State Television and Radio Fund (745/1998) is amended to permit the use of the fund's assets also to subsidise construction of the public telecommunications network in order to ensure equality in information society development. The name of the fund is changed to the State Communications Fund.

The utilisation plan for the State Communications Fund is adopted annually by the Government and includes, in addition to the current funding plan for television and radio activities, also a plan on the State broadband subsidy to be allocated to the Regional Councils.

The assets to be used for funding the Finnish Broadcasting Company Ltd on the one hand and for State broadband subsidies on the other are kept separate in the fund and the assets are not used for purposes other than that for which they were collected.

In the event that assets in excess of that required for the State broadband subsidy accumulate into the fund, the assets shall remain in the fund. If assets not spent on expenditure remain at the end of 2015, the excess assets are credited to the State budget. The administrative expenses and overheads necessitated by the administration of the broadband subsidy and payable to the Finnish Communications Regulatory Authority are incorporated into the utilisation plan.

18. The State, provinces and municipalities prepare to support the development of the public telecommunications network also after 2015 in the manner necessitated by the development of the information society.

¹ *Since the alternatives are either a model of crediting through the State's on-budget activities or an extra-budgetary fund model, a proposal according to both is submitted in the following. The alternatives are described and compared below in the reasoning of the resolution.*

Conditions to the realisation of the plan of action

19. This resolution is conditional and will be realised in respect of the State provided that the Regional Councils and municipalities for their part act in accordance with the objectives and measures of the resolution.

20. The State subsidy will be notified to the European Commission in the manner separately provided in law. Realisation of the subsidy is subject to Commission approval.