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<u>**COIT Response to the Public Consultation on the Draft BEREC Broadband Promotion Report**</u>

Question 1 (section 5): What elements do you consider essential for the successful definition and implementation of governments' strategies to promote broadband:

a) Overall at the national level? What role, if any, could NRAs play to enhance the effectiveness of those strategies?

To achieve the best results, the ultra-fast broadband strategy has to be designed from a national perspective. Defining a national plan, with good coordination at all levels of government, will enable consistent development to take place throughout the country.

This will have positive repercussions on the effectiveness of the plan because the operators will be able to concentrate on developing infrastructure services without having to adapt to different models in each territory.

Maintaining a strategy of isolated and uncoordinated regional development is not only inefficient but in the long term will lead to a delay in the provision of the infrastructure which is as vital to our economy as the electricity supply networks or our transport infrastructure.

Furthermore, the development of different plans with different objectives will create a fragmented market at a time when we are moving towards a single market with rules which transcend national boundaries, such as the rules emanating from the European Commission.

In any event, the strategies devised by the public authorities for promoting broadband should be designed with the aim of stimulating private investment, should only intervene in areas where there are market failures, should respect the principles of non-discrimination, transparency and technological neutrality, should stimulate competition and be accompanied by policies aimed at ensuring access to supply, combined with policies aimed at stimulating demand.

The Government's commitment must go beyond simply providing subsidies or funding. It should engage in contractual or institutional collaboration (joint ventures), with both central and local authorities, sharing the investment cost with the private sector.

In our view, public-private cooperation should focus on:

- the development of ultra-fast networks in areas of medium-low density or white NGA areas, as areas where there is the greatest risk of a digital gap because of the lack of private interest in providing them with coverage. In these cases the PPP mission could be:

  ○ To roll out the full NGA network and offer wholesale bitstream services to the private operators

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- ○ To roll out the backhaul and trunk network, offering wholesale services to operators. The private operators will have to fund the roll-out of the access networks for the end users from their own resources

    - ■ In grey NGA areas, for the rollout of civil engineering infrastructure (ducts and channels) or dark fibre, which provides the underlying support for the telecommunications networks, to be used by other operators through the provision of wholesale services.

b) **Specifically at rural and peripheral areas? What role, if any, could NRAs play to enhance the effectiveness of those strategies?**

In rural areas with low population density, where there is a low return on investment for operators, NRAs ('ANR' in Spanish) could promote a negative taxation policy for operators investing in the development of networks in these areas. Such aid could be granted once the results have been verified. In this way operators would be given an incentive to provide services in areas where they would not otherwise be commercially viable.

There could also be an increase in state aid in the form of public partnerships in rural areas where there is an evident lack of service provision or of capability in the medium term. These formulas have the potential to take advantage of the private sector's investment capacity and technical expertise in order to achieve the political objectives which have been established.

Question 2 (sections 6 and 9):

Among the main supply-side obstacles to broadband promotion, NRAs have noted the low expected return on investment, the lack of access to financial resources and the access to spectrum. In addition, NRAs have considered, among the main demand-side obstacles to broadband promotion, aspects such as the citizens' lack of perceived need to adopt broadband, the high price of broadband, the fact that NGA is still in an initial stage of the product life cycle and, mostly in rural areas, the lack of choice between operators.

2.1. What of the above mentioned factors, if any, would you not consider as obstacles? And what other factors, if any, would you add to the list of main obstacles to broadband promotion? Please reply with specific regard to:

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a) Supply-side obstacles

One of the main obstacles from the point of view of supply is the uncertain regulatory status of the NGAs.

Access to premises is another thing which could slow the provision of services and make it more difficult. In Spain in particular, a plan for the renewal of the telecommunications infrastructure in buildings would be required if this situation were to create a bottleneck for final access to users.

In addition, the administrative procedures need to be simplified and made more consistent. The wide geographical dispersion of the administrative structure, in many cases with overlapping responsibilities and with different criteria and regulations being applied at both Autonomous Community and local level, can deter or delay investment. To avoid this situation we propose:

- Devising actions which will encourage the elimination of barriers to the roll-out of fixed and mobile infrastructure, both in the public and the private domain, and will help create a favourable framework for investment

- Strengthening the occupancy rights of operators

- Providing a rapid, simple, efficient and non-discriminatory procedure for dealing with occupancy requests within a specified time limit

- Territorial or urban planning instruments should take into account the needs of public electronic communications networks as set out in the reports issued by central government, and should guarantee non-discrimination between operators and the maintenance of an effective competitive environment in the sector

- No obligations should be imposed over and above those already established by the State, except where justified for reasons of environmental protection, public health and safety, national defence or urban and territorial planning

- There should be a provision that only State law shall be binding in telecommunications matters when authorisation for a roll-out is being granted

b) Demand-side obstacles

We believe that in addition to the obstacles already cited one would have to add exogenous factors such as the state of economic development of the various regions, the attitude of public authorities to promoting the importance of broadband, public and business awareness, etc.

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The infrastructure must meet the needs and demands of the market, but users will need to acquire the necessary skills to make productive use of the broadband networks. Important work needs to be done on:

■ ICT training in SMEs

■ User training

■ Encouragement of e-commerce

■ New working methods: cloud computing

■ Leisure and entertainment: products must provide added value which is sufficiently appealing for users to adopt them

The public authorities must also be users and should encourage the use of broadband.

2.2 Taking into account your assessment of the existing and potential obstacles to broadband adoption, what elements do you consider essential for the successful definition and implementation of NRAs' strategies, in particular from a demand-side viewpoint, to promote broadband?

When replying to question 2.2 above, please mention also what core strategic differences, if any, should be weighted regarding the consideration of those elements in rural/peripheral areas and in urban areas.

Question 3 (section 7): What elements do you consider essential for the successful definition and implementation of operators' strategies, in particular from a demand- side viewpoint, to promote broadband, with regard to:

a) **Fixed broadband?**

■ Regulations to encourage investment in broadband

■ The elimination of administrative obstacles

■ Facilitating operator access to civil engineering infrastructure (civil engineering infrastructure has revealed itself to be a critical bottleneck for the roll-out of telecommunications in every country). The cost of roll-out and the time required for roll-out are two obstacles which prove impossible to overcome in many cases

■ Good practice in the contracting and invoicing of services so that they do not result in terminations

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b) Mobile Broadband?

■ Regulations to promote investment in networks

■ Elimination of administrative obstacles

■ Facilitating operator access to civil engineering infrastructure (civil engineering infrastructure has revealed itself to be a critical bottleneck for the roll-out of telecommunications in every country). The cost of roll-out and the time required for roll-out are two obstacles which in many cases prove impossible to overcome

■ Good practice in the contracting and invoicing of services so that they do not result in terminations

c) NGA Broadband?

In addition to those cited above:

■ Accessible prices for NGA broadband services even though the return on investment is more long-term because one of the main obstacles to NGA broadband is the high cost. In all cases the NRAs should be on the lookout for anti-competitive practices and should protect consumers.

When replying, please mention what role, if any, could NRAs play to enhance the effectiveness of those strategies.

Question 4 (section 8): What elements do you consider essential for the successful definition and implementation of public-private partnerships strategies, in particular from a demand-side viewpoint, to promote broadband? What role, if any, could NRAs play to enhance the effectiveness of those strategies?

A key aspect of public-private partnerships, from the point of view of demand, is that they are neutral, and as a result they do not distort competition

Question 5 (section 10): In addition to the initiatives already taken by BEREC with regard to the promotion of broadband from a supply-side perspective, what other initiatives do you believe it is important for BEREC to develop in the future from that perspective?

We believe other kinds of initiatives need to be included, such as:

- Policies for creating awareness amongst local councils (local authorities), owners and owners' associations in order to eliminate barriers to roll-out (reduction in formalities, reduction in costs, reduction in the time required to obtain information, etc.)

- Speeding up the formalities for granting state aid

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- The government should offer encouragement for the use of this infrastructure

- A policy of negative taxation whereby the taxes levied on operators would be paid to operators in return for investing in the roll-out of NGA networks in rural areas.

Question 6 (section 10): A list of potential measures was identified, in the present document, that could be adopted or reinforced in order to promote broadband from a demand side perspective.

a) **Do you consider any of the demand-side measures identified to be inappropriate?**

No, COIT takes the view that they are all appropriate. COIT believes that the measures aimed at aggregating the public sector demand are particularly important in contributing to greater efficiency in public expenditure, which is especially important in a country like Spain which is in the process of reducing public spending and has three hierarchical levels of government: State, Autonomous Communities and local. Grouping demand by sector at the three levels of government would be a promising solution both in terms of promoting broadband and in terms of the financial efficiency of governments, while safeguarding competition. In addition, the promotion of policies aimed at demand aggregation in the private industrial sectors (whether intensive ICT users or not) could help contribute to society as a whole enjoying the benefits of broadband.

b) **What other demand side measures, if any, would you consider particularly important to promote**

We believe that any measures which would help SMEs in Spain to get connected to broadband would be well received in Spanish business circles. For example: training in how to get started in doing business online, encouragement in the use of networked services (cloud computing) and a reduction in the taxes on telecommunications services could be a catalyst for the take-up of services.

Another efficient way of contributing to these objectives would be to consider a number of priority actions to encourage ultra-fast broadband connectivity for certain strategic points in the country, in terms of their social impact (centres of education, hospitals, libraries, public internet access centres, etc.), institutional importance (government buildings, courts, etc.) or economic significance (industrial parks, tourist centres, etc.).