

GOVERNMENT RESOLUTION ON FINLAND'S NATIONAL BROADBAND STRATEGY

(Translation)

1. Background and aims of the strategy

The Finnish welfare society of the twenty-first century will place a strong emphasis on know-how, work and entrepreneurship and will be socially equitable and regionally balanced. As set out in the Government's programme, development of the welfare society is being targeted through improving the employment rate, reducing unemployment, enhancing basic services and income security, and promoting balanced regional development.

High-speed telecommunications with nationwide coverage are essential for achievement of the Government's objectives. A high-quality, efficient communications infrastructure will improve productivity and promote economic growth in all sectors. It will also advance the development of new forms of work and business, thereby improving the ability of companies to compete. Furthermore, good telecommunications infrastructure will facilitate improvements in the quality and availability of public services, providing a useful tool for developing these services, especially in sparsely populated areas. Comprehensive provision of high-speed telecommunications is also vital in ensuring regional equality.

The broadband market is still in its infancy. While it is dominated by broadband services offered via the fixed telephone network and cable television networks, new broadband technologies have begun to enter the market.

Broadband services are also being offered via the electricity grid and wireless local networks, and satellite broadband services were introduced in Finland in 2003. Third generation broadband mobile services are already available in several European countries and will soon appear on the Finnish market. In addition, subscriber connections are now also being offered via fibre-optic cables.

Finland already has special expertise in the development of wireless communications services. Devices able to use broadband information-society services are being developed from mobile and other wireless systems. These developments are being promoted through Government measures. As interactive services are developed, digital television networks will also be able to offer competitive broadband solutions with good geographical coverage. The Government is seeking to establish the right operating environment for digital television services, which will, in turn, encourage the supply of broadband services.

Despite the proliferation of alternatives, fixed networks will continue to be of central importance in data transmission, and the Government will ensure that competition is unhindered in the fixed network market. Fixed and wireless alternatives will compete with each other and also complement one another. Users will find the new alternatives beneficial because they will enable different kinds of services in a multichannel environment.

The wider use of broadband connections will ultimately depend on their price, the nature and content of services offered in the new networks, and the connection speeds provided. Without affordable and attractive services, there will be little demand. Competition within and between the various networks will become tougher, which will improve the level of service, bring down prices and stimulate demand. The new Communications Market Act, which entered into force in 2003, will also bring forward these developments. The new Act allows the Finnish Communications Regulatory Authority greater scope for intervening in network pricing. The activities of the Office of Free Competition in regard to the supply of broadband services will also serve to promote competition.

The actions of these authorities and inter-authority cooperation will be enhanced with the aim of promoting broadband development. Government measures will also ensure that neither legislation nor administrative actions have a restricting effect on the supply of broadband services, and that they do not lead to unjustifiable or added costs being incurred by the communications companies that would affect the prices charged for their services.

The growing supply of public services available via communications networks will encourage the spread of broadband services. The Government is determined to improve the provision of public services, with the aim that Finland will be among the leaders in on-line services by 2007.

The interest shown in the new services by members of the public and by businesses varies considerably, as does their knowledge of such services. As more services are offered over networks and information about such services increases, motivation and demand will rise. This, in turn, will increase the opportunities for expanding the geographical coverage of broadband service provision beyond its present limits. The ability of individuals and businesses to operate effectively in the information society will thus be improved.

The level of demand will depend on how secure the services are and whether or not users can be confident that their privacy will be protected when they use the services. The Government will revise the privacy protection legislation and will actively implement the National Information Security Strategy in order to promote growth in demand. An effective and well-functioning copyright system is also a basic requirement for the production, distribution and use of content.

Broadband provision must be based on commercial operation in open markets, where different services compete with each other. The role of the Government is to ensure that companies are willing to invest in developing the broadband network. In sparsely populated areas, however, technical and economic factors restrict the commercial provision of broadband connections. The most widespread broadband technologies at present also require a higher level of demand than currently exists. The supply of such services at prices affordable to the consumer is not therefore a financially viable proposition in all parts of the country.

Special support measures will be continued and developed in those areas in which there is insufficient demand for the commercial supply of broadband services. The role of the regions and municipalities will be significant in regional development. The availability of broadband facilities in all parts of the country will be promoted through well-planned and coordinated development work. Better targeting of the available resources will make it possible to improve the availability of broadband facilities in sparsely populated areas, too. Regional development will also take into account the new opportunities offered by the European Union for the use of the Community's Structural Fund resources. Public funding conditions will be established that will guarantee that such funding does not prevent or hinder the expansion of commercial broadband facilities or distort competition or market conditions. Equipping freely accessible public service points with broadband Internet connections will also improve the access to information-society services.

The Government will support and facilitate the introduction of high-speed telecommunications by businesses and households across the country. The Government's broadband strategy is 'technology neutral', in that it does not favour one particular technology over another, but instead promotes competition among them and their complementary use.

2. The strategy and its objectives

The Government's broadband strategy is

- to promote competition within and between all communications networks,
- to promote the provision of electronic services and content,
- to stimulate demand for broadband services,
- to continue and develop special support measures in those areas in which there is insufficient demand for the commercial supply of broadband facilities.

The strategy's targets to be achieved by the end of 2005 are:

- 1,000,000 broadband connections in Finland (all technologies),
- everyone has access to affordable, high-speed telecommunications with comprehensive geographical coverage,
- Finland becomes a European leader in the availability and use of high-speed telecommunications.

The most suitable alternative for fast data transmission connections in each part of the country in technical and economic terms will depend on regional factors and the level of demand. The measures included in the strategy are 'technology neutral', which will ensure the parallel development of different broadband technologies and competition among those technologies.

The aim is that the speed, quality and price of broadband connections should be comparable anywhere in the country, as far as possible. There will, however, be some variation for technical and commercial reasons and due to differences in the structural makeup of each region.

To implement the National Broadband Strategy, the Government will introduce the measures set out below during the period 2004-2007.

3. Measures

3.1 More competition within and between the different communications networks

The measures outlined will improve the level of service, the geographical availability of broadband, and customer choice. They will also reduce prices and stimulate demand for broadband services. The increase in demand due to the lower prices will allow broadband connections to be offered more widely and to be extended to sparsely populated areas.

Measure	Responsibility	Timetable
1. Efficient competition in broadband provision (especially subscriber connections) will be secured when the Communications Market Act is put into effect.	Finnish Communications Regulatory Authority, Office of Free Competition	Continuing
2. The efficiency of competition in broadband provision will be supervised using the means provided in the competition legislation in cooperation with the Finnish Communications Regulatory Authority.	Office of Free Competition, Finnish Communications Regulatory Authority	Continuing
3. Technical modernization of cable TV networks will be promoted to ensure that broadband provision	Ministry of Transport and Communications, Finnish	2004

is technically feasible in all the main cable TV networks by the end of 2004.	Communications Regulatory Authority	
4. The necessary legislative amendment proposals will be made for promoting competition in Internet connections and broadband provision in cable TV networks on the basis of investigations.	Ministry of Transport and Communications	October 30, 2004
5. Telecommunications companies will be brought together to agree a unified code of conduct for encouraging network and service operators to supply broadband facilities and services.	Finnish Communications Regulatory Authority	March 31, 2004

3.2 Speeding up the introduction and spread of new broadband technologies

The measures outlined will encourage the introduction of new technologies on the market. New services will increase the choice available to users and improve the level of service. The measures are intended to increase the provision of broadband services and promote competition, including competition between the different technologies. This will reduce prices, which will, in turn, stimulate demand and thus allow telecommunications companies to expand the commercial supply of broadband services to encompass sparsely populated areas as well. The measures will improve the operating conditions for communications companies and establish the right environment for the development of new communications services that can find success in international markets, too.

Measure	Responsibility	Timetable
6. The legislative and administrative obstacles impeding the wider adoption of new broadband technologies and services will be investigated.	Ministry of Transport and Communications, other ministries	September 30, 2004
7. The development of new data transmission solutions will be encouraged through public funding for research and development.	Ministry of Trade and Industry, TEKES, companies, higher education establishments, research institutions	Continuing
8. Any necessary amendments to mobile network licences (UMTS) for the purpose of promoting the development of broadband will be made, with due consideration to the potential for promoting network provision in sparsely populated areas through joint use of networks.	Ministry of Transport and Communications	March 31, 2004
9. A decision will be made, based on the recommendations of a working group, on the timetable for discontinuing analog TV broadcasts, taking into account the effects of transition-period duration on broadcasting costs and the public's view of what is reasonable.	Ministry of Transport and Communications	February 29, 2004
10. Investigations will be made and the necessary proposals then drafted on amending the TV and radio legislation to take account of the convergence of mobile communications and digital TV, and the operating licence process will be set up.	Ministry of Transport and Communications	December 31, 2004
11. A cluster programme for promoting digital TV network services will be introduced.	Ministry of Transport and Communications, companies	2004-2005
12. The development of digital TV return-channel solutions and the resolution of other technical problems will be promoted in collaboration with actors in	Companies, Ministry of Transport and Communications, Finnish Communica-	2004-2007

the sector.	tions Regulatory Authority	
13. Radio frequencies that become available will be allotted for use by new broadband services within the framework of international agreements.	Ministry of Transport and Communications, Finnish Communications Regulatory Authority	Continuing
14. The scope for promoting use of fibre-optic cables in household broadband connections will be investigated, and their use in the public telecommunications network will be monitored.	Ministry of Transport and Communications	June 30, 2004
15. The future of the fixed telecommunications network in providing broadband services and the potential for promoting fixed-price ISDN use in areas where broadband connections are not yet available will be investigated.	Ministry of Transport and Communications	May 31, 2004
16. Care will be given to ensuring that the environmental legislation does not permit unreasonable charges for the use of public areas in the construction of broadband connections.	Ministry of the Environment	Continuing
17. The compatibility of broadband networks will be secured in accordance with the communications market legislation, and standardization will be kept up to date to ensure that broadband technologies are interoperable.	Finnish Communications Regulatory Authority, companies	Continuing

3.3 Development of electronic transactions and on-line business

The aim of the measures outlined is to increase the demand for broadband services by encouraging the provision of on-line services. The measures are aimed at the provision of both public and commercial services. Growing demand will allow telecommunications companies to extend the supply of commercial broadband services to cover sparsely populated areas as well.

Measure	Responsibility	Timetable
18. The use of electronic transactions in public administration will be developed by implementing measures contained in the Government's Information Society Programme.	Ministry of Finance, Ministry of the Interior, Prime Minister's Office, other ministries	Continuing
19. Fair terms and conditions will be secured for the commercial utilization of public sector information.	Ministry of Finance, Ministry of Transport and Communications, Ministry of Education, Ministry of Justice, Ministry of Agriculture and Forestry	December 31, 2004
20. Municipal on-line services will be expanded substantially in line with the Government's Information Society Programme; a considerable proportion of municipal procurement will be handled on-line; all the main municipal service processes will be charted; and joint services in public administration will be expanded substantially.	Ministry of the Interior, Ministry of Education, Ministry of Finance, Prime Minister's Office, municipalities	December 31, 2005
21. The need to develop consumer rights for broadband and other communications services will be investigated.	Ministry of Transport and Communications, Finnish Consumer Agency	May 31, 2004

22. The Ministry of Education's 2010 strategy concerning culture in the information society and the measures in its action programme will be implemented.	Ministry of Education	Continuing
23. The legislation on electronic identification will be kept up to date in the manner demonstrated necessary by an assessment of the effects.	Ministry of Transport and Communications	Continuing
24. The provision on the right of an added-value service supplier to obtain invoicing data on one of its customers from a telecommunications company will be effectively introduced as soon as the Act on data protection in electronic communications (Government bill HE 125/2003) is put into effect.	Ministry of Transport and Communications	July 1, 2004
25. The legislation on immaterial rights will be kept up to date and will take account of developments in the information society.	Ministry of Education, Ministry of Trade and Industry	Continuing
26. The need for a cluster programme on broadband services will be investigated.	Ministry of Transport and Communications, Ministry of Trade and Industry	August 30, 2004

3.4 Effective participation of businesses and individuals in the information society

The aim is to improve the skills of companies, and especially small and medium-sized enterprises, in the use of electronic business and to make it easier for people to use information society services. As information society skills improve, demand will increase, which will allow more extensive provision of commercial services.

Measure	Responsibility	Timetable
27. Information technology teaching and information provision in NGOs, schools and other educational establishments will be increased by implementing the measures in the Government's Information Society Programme. Special attention will be given to the teaching of information and communications technologies.	Ministry of Education	Continuing
28. The readiness to adopt new business models and work organization methods made possible as a result of information and communications technologies will be increased, especially for small and medium-sized businesses.	Ministry of Trade and Industry, Ministry of Labour	Continuing
29. Efforts will be made to ensure that communications services are easy and convenient to use.	TEKES, Ministry of Trade and Industry, Ministry of Transport and Communications, companies	Continuing
30. A strategy for barrier-free communications services for disabled and special groups will be drawn up, which will take into account the opportunities offered by broadband services.	Ministry of Transport and Communications	August 30, 2004

3.5 Promoting data security and privacy protection

The measures outlined will stimulate the demand for broadband connections and information society services by establishing a secure environment for users.

Measure	Responsibility	Timetable
31. The Act on data protection in electronic communications (Government bill HE 125/2003) will be actively enforced.	Ministry of Transport and Communications, Finnish Communications Regulatory Authority, Data Protection Ombudsman	April 30, 2004
32. The effects of the legislation on data protection in electronic communications will be assessed and it will be continuously updated on the basis of monitoring and review.	Ministry of Transport and Communications	Continuing
33. The legislation on data protection in the workplace will be actively enforced once it has been enacted.	Ministry of Labour	Continuing
34. The National Information Security Strategy approved by the Government on September 4, 2003 will be implemented, thus improving confidence in the secure use of networks.	Ministry of Transport and Communications	Continuing, from 2004
35. A data protection cluster programme will be introduced on the basis of a preliminary study.	Ministry of Transport and Communications, companies	2005-2006
36. A programme to raise the virus protection awareness of small and medium-sized businesses and the general public will be launched.	Ministry of Transport and Communications, Ministry of Trade and Industry, companies	2004
37. A programme aimed at reducing problems caused by unsolicited e-mail will be developed.	Ministry of Transport and Communications, companies	June 1, 2004
38. Actions to protect children from harmful Internet content will be made more effective.	Ministry of Transport and Communications, companies, organizations	Continuing

3.6 Special measures for regional development

The aim of the measures outlined is that the construction of networks and provision of subscriber connections will be financially viable even in areas where it is not commercially profitable at present. For this purpose, comprehensive and more effectively coordinated regional plans will be drawn up for expanding the provision of broadband networks. On the basis of guidelines to be drafted, public funding could continue to be targeted at regions where broadband provision would not otherwise be established. The measures also include allocation of state subsidies and grants that would allow broadband services to be acquired for schools and libraries, for example, even in regions where they would not be offered commercially at affordable prices.

Measure	Responsibility	Timetable
39. Regional councils and municipalities will jointly prepare a broadband strategy for their region and promote its implementation. The strategy will be based on estimates of future demand and market conditions in each municipality. These strategies will act as a tool to	Regional councils, municipalities	September 30, 2004

assist decision-making on public funding and other matters requiring public sector measures. The strategies must also identify the main user segments in relation to service provision.		
40. National guidelines will be drawn up for regional councils and municipalities on the use of public funding for projects to build telecommunications infrastructure where the provision of connections does not otherwise occur for commercial reasons. In relation to the use of public funds, the guidelines must follow the principles that accord with European Commission guidance. Public funding will entail competitive tendering and will target network provision and the pricing of network operator services (not prices to the final customer). The funding conditions will guarantee that any operator receiving a subsidy has a duty to make his network available to a competitor under moderate and equitable terms.	Ministry of the Interior, Ministry of Trade and Industry, Ministry of Transport and Communications, Office of Free Competition, Finnish Communications Regulatory Authority, Association of Finnish Local and Regional Authorities	Continuing
41. More broadband connections will be provided for schools. The aim is to ensure that in terms of connection and operating costs all schools have access to reasonably priced and efficient telecommunications connections.	Ministry of Education	2004 - 2008
42. More broadband connections will be provided for libraries. The aim is to ensure that in terms of connection and operating costs all libraries have access to reasonably priced and efficient telecommunications connections.	Ministry of Education	2004 - 2008
43. Publicly available, regional broadband service points will be equipped in stages with customer terminals (for example at schools, libraries, Citizens' Offices, municipal and government agencies), and their use will be free of charge.	Ministry of Education, Ministry of the Interior, municipalities	Continuing

3.7 Contributing to and monitoring international developments

The aim of the measures outlined is to develop a favourable environment for supply and demand of broadband and information society services on the international market. This will help promote the supply of services and the demand for them in Finland, too. The supply of broadband connections in competitor countries will be monitored, with the aim of adopting the best practices for use in Finland.

Measure	Responsibility	Timetable
44. International developments will be monitored. In the European Union in particular, efforts will be made to ensure that the supply and use of communications services are not affected by legislative obstacles or added taxes and charges, and that	Ministry of Transport and Communications	Continuing

Community regulations do not require radio frequencies to be auctioned.		
45. The use of open standards in the supply of communications and information society services will be promoted in the international community.	Ministry of Transport and Communications, Ministry of Trade and Industry, Finnish Communications Regulatory Authority, companies	Continuing
46. The international cooperation aims of the National Information Security Strategy will be met.	Ministry of Transport and Communications	Continuing

3.8 Monitoring the strategy

Measure	Responsibility	Timetable
47. The regional councils will be given training and guidance in drafting regional broadband strategies, and information will be efficiently provided on the different broadband connection options and potential, especially to regional councils, municipalities, small and medium-sized businesses and housing companies.	Ministry of Transport and Communications, Ministry of Trade and Industry, Ministry of the Interior, Association of Finnish Local and Regional Authorities	2004-2006
48. A broadband strategy monitoring group drawn from the main ministries involved and other actors will be set up, and it will report to the Government on implementation of the strategy and its recommended measures annually by the end of September. User interest in acquiring broadband will be monitored on a regular basis and the factors affecting this will be analysed.	Ministry of Transport and Communications	2004-2007
49. An information point will be maintained on the Internet (www.laajakaistainfo.fi).	Ministry of Transport and Communications	2003-2007
50. Statistics on broadband and regional monitoring of broadband provision will be developed.	Finnish Communications Regulatory Authority, Statistics Finland, telecommunications companies	May 31, 2004

4. Public funding for the National Broadband Strategy

Development of the broadband market will, in the main, follow market conditions. Public funding for the National Broadband Strategy will consist of state, municipal and EU funding.

State funding in line with the development programme can be made available within the budget allocation framework, rearranging the allocations if necessary. State funding in 2004 will be given according to the following budget allocation framework:

Main budget division for Ministry of the Interior:

26.98.43 Development funds for regions

26.98.61 Involvement of the European Regional Development Fund in EU Structural Fund programmes

26.98.62 EU Structural Fund state contribution, Ministry of the Interior

Main budget division for Ministry of Finance:

28.80.20 Development and training

Main budget division for Ministry of Education:

29.40.30 State subsidy and grants for general education operating costs

29.90.30 State subsidy and grants for public library operating costs

In addition, allocations under the administrative sector of the Ministry of Education will be used to implement the measures referred to in the information society programme. These measures will also support the broadband strategy.

Main budget division for Ministry of Agriculture and Forestry:

30.14.61 Involvement of European Agricultural Guidance and Guarantee Fund in rural development

30.14.62 State contribution to rural development part funded by the EU

Main budget division for Ministry of Transport and Communications:

31.01.22 Research and development

31.99.40 Items of state support

Main budget division for Ministry of Trade and Industry:

32.10.24 Research and investigation

32.20.27 Technology research

32.20.28 Project and programme investigation and development expenses

32.20.27 Grants for technology research and development

32.20.83 Loans for technology research and development

32.20.30 Grants for technology research and development

32.30.45 Support for corporate investment and development projects

32.30.62 EU Structural Funds' state contribution, Ministry of Trade and Industry

Main budget division for Ministry of Social Affairs and Health:

33.01.63 Certain special projects

Allocations for the running costs of agencies involved may also be used for funding the measures.

Some of the public funding contribution will support the Government's Information Society Programme, the measures of which are consistent with the measures set out in the broadband strategy.

Helsinki 29.1.2004

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