MINISTRY OF TRANSPORT AND COMMUNICATIONS, FINLAND

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BROADBAND TO EVERYONE IN FINLAND

Objectives for broadband deployment

The Finnish Government reviewed its communications policy guidelines in December 2008. The guiding principle has been that telecommunications operators are responsible for supplying communications services on market terms. In future, however, if adequate communications services cannot be provided on commercial terms only, public aid may also be used to ensure that services are available to all.

In the policy review, two aims were set for the development of broadband connections: a downstream rate of 1 Mbit/s by 2010 and 100 Mbit/S by 2015.

1 Mbit/s by 2010

By 2010, at the latest, every permanent residence and permanent office of business or public administration body must have access to a fixed or wireless subscriber connection with an average downstream rate of **at least 1 Mbit/s**.

The rate of 1 Mbit/s has been defined as a **universal service** which a telecom operator subject to a universal service obligation must provide to permanent residences and business offices at a reasonable price by 1 July 2010 at the latest. Legal provisions concerning this have been included in the act concerned and they are being implemented. The service provider may decide the technology it will use for connections under the universal service obligation, in other words the universal service obligation is technology neutral. A wireless service of 1 Mbit/s is already possible across the country and by July 2010 the last remaining shadow areas will be removed.

100 Mbit/s by 2015

The aim is that by the end of 2015 practically all (**more than 99 percent of population**) permanent residences and permanent offices of business or public administration bodies will be **no more than within two kilometres' reach** to an optical fibre or cable network permitting **100 Mbit/s connections**.

In future, faster and more symmetrical connections will be needed – and upstream rates need to be high as well. A rate of 100 megabit per second will provide better opportunities for real-time collaboration, for example. Advanced videoconferencing systems, often called "telepresence" make participants feel

they are literally in the same room together, giving a new meaning to “face-to-face” communications. Telepresence systems can connect businesses, schools, hospitals and homes. Access to best teachers, professors and medical specialists will no longer be dictated by location.

In built-up areas telecom operators are expected to build high-speed connections on market terms. This will achieve a population coverage of around 95%. Extending the coverage to 99% will require the use of public subsidies in funding high-speed connections to around 130,000 households in non-built-up areas. Projects that will be subsidised have been listed in regional programmes. The programmes include around 800 projects with a total value of approximately 375 million euros.

The subsidised projects will be subject to competitive tendering and implemented in 2010–15. The telecom operator responsible for a project will pay at least one third of the project costs. The responsibility for the public aid – two thirds – will be divided between the state, municipalities and the EU. Subsidies will only be paid to projects located in the most sparsely populated areas. A total of 66 million euros in State budget appropriations have been reserved for broadband subsidies. The EU Rural Development Programme will fund Finland’s broadband projects with 25 million euros and the municipalities involved with around 50 million euros.

The municipality’s financial contribution accounts for 8, 22 or 33 per cent depending on its economic capacity, population density and implementation costs of the broadband project. The percentage of each municipality is defined in a Government decree.

In 2009, the basis for a tax deduction in the form of the so-called domestic help credit was extended to include installation of communications connections. Those end-users that pay for subscriber connection costs themselves can benefit from the deduction. Taxpayers may deduct up to 3,000 euros of labour costs accrued from subscriber connection construction for a real estate. In families the domestic help credit is personal so in a family of two, for example, the maximum deduction amounts to 6,000 euros.

Government expressed its strong support for joint construction of networks. All future transport infrastructures will be pre-installed with tubes into which optical fibre may later be installed, or ”blown”. In the overall costs of communications connections, excavation works may amount to as much as 80%. When transport infrastructure, water management networks, electric cables and communications cables are constructed at the same time, the costs for excavation may be divided between network operators. In June 2009 the Finnish