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Broadband Planning and Co-ordination Office Required to Implement Government Broadband Initiatives – Forfás Review

To ensure the rapid delivery of the Government's new broadband investment initiative, a specialist broadband planning office to co-ordinate the involvement of the full range of public authorities and to oversee the immediate development of the proposed Public Private Partnership model should be established, said Forfás at the launch of a new review released today.

"The Government's decision announced on 8 March 2002 of a significant strategic investment initiative to deliver broadband infrastructures and services in 19 towns, to be extended to 67 in time, is a strongly welcomed initiative from an industrial development perspective. This initiative by Government will help Ireland to close the gap in broadband provision with leading countries", commented Forfás CEO, John Travers. He said that given the fact that Ireland lags behind leading countries in the general deployment and use of broadband telecommunications infrastructure there is a strong case to establish a specialist broadband planning office to drive the Government's new initiatives as quickly and as efficiently as possible

"This specialist office would ensure consistency in approach and planning, achieve economies of scale in the contracting of civil engineering works and in providing open access at the highest levels of service to operators wishing to provide competitive broadband services. It would also have a role in promoting awareness and use of these infrastructures by operators", said Travers.

Forfás commissioned Analysys Limited in 2001 to undertake an update of its review, "Broadband Investment in Ireland", originally published in 1998. The objective of the review was to determine the key policy changes required to improve the competitiveness of telecommunications for businesses in Ireland, and to secure the required investment in broadband telecommunications.

Widening Broadband Competitiveness Gap

The updated review says that while significant progress has been made over the last three years in opening the Irish telecommunications market for investment, the desired outcomes of world class broadband services and coverage at prices among the most competitive in the OECD still remain to be achieved. While the experience of large corporations in the Dublin area is generally good, the experience of small and medium-sized companies and those outside Dublin is not as positive.

"World class broadband telecommunications infrastructure and services that enable the flow of data, voice and image communications simultaneously at very high speeds are essential to the development of a knowledge-based economy. The availability of advanced broadband services is a critical factor in the investment location decisions of firms", commented John Travers, Chief Executive Officer, Forfás at the launch of the report. "The full exploitation of the potential of electronic business is not possible in the absence of these advanced communications networks. The presence or absence of these networks, therefore, affects the potential

of countries, and regions within countries, to exploit the opportunities for higher-paid, higher-value-added employment", continued Travers.

The updated review recommends a number of measures designed to stimulate private investment in broadband infrastructure. The Government's approach of entering into public private partnerships with commercial operators is the best way of ensuring that the required broadband communications services are available for economic development purposes where the market on its own is failing to provide this investment. Care will need to be taken to ensure that these partnerships are designed to keep any distortion of the competitive provision of communications infrastructure and services to an absolute minimum.

The review identifies a number of specific actions that could be taken to improve the investment environment for broadband in Ireland. These include:

- **Initiate Debate on the Eircom Network becoming a Wholesale Network Accessible to all Telecoms Operators:** Eircom and the telecommunications industry should debate the merits of separating Eircom's network business from its retail business, allowing the Eircom network to become a wholesale network accessible, on identical terms, to all operators. This would reduce concerns in the market in relation to the effectiveness of provision of open access to eircom's network to other operators as required under EU Directives.

If Eircom were to voluntarily separate its retail and network businesses into two companies, one providing infrastructure to all players in the market and the other offering retail services using that infrastructure, it is likely that a more genuinely competitive market for access to telecommunications infrastructure could develop. For Eircom, this would potentially free the retail side of its business from much of the current regulatory scrutiny.

- **Provide Flat-rate Internet Access:** To allow other operators and service providers to offer always-on access to the Internet to customers who are paying a flat fee for the service, a flat rate interconnection product for narrowband access should be introduced as quickly as possible. Such interconnection should be available for basic telephony and ISDN services.

- **Communications Regulation Bill to be Passed as Priority:** The Communications Regulation Bill 2002 requires to be prioritised for passage through the Oireachtas during the current term. The Bill requires to be amended to give the regulator powers to impose a flat rate interconnection product on Eircom, to ensure that the regulator has sufficient powers to levy meaningful fines for non-compliance and to provide for an efficient appeals mechanism to decisions of the regulator.

- **Eircom to Provide Licensed Programming Services:** The current restriction whereby Eircom is forbidden to deliver licensed programming services over its own network should be removed in order to increase competition.

- **Regulate for Lower DSL Wholesale Prices:** The regulator should continue to seek to get the price of DSL prices down to a point at which these

wholesale prices reflect the cost of an efficient operator.

- Harmonise Regulations for Infrastructure Deployment: The rules governing deployment of infrastructure vary according to the planning authority an operator is dealing with. These rules should be harmonised through the introduction of planning regulations.
- Encourage Pro-active Role by Local Authorities in the Provision of Telecom Infrastructure: Local authorities should be encouraged to facilitate the provision of telecoms infrastructures and to deploy their own open access infrastructures - especially ducting and should pro-actively encourage bundling with other infrastructure developments.
- Investigate Leased Line Provision: The regulator should investigate the price and timeliness of delivery of local leased lines by Eircom to other operators, to ensure prices are cost-oriented and the quality of the provision is in line with international best practice.
- Develop Ireland's Internet Exchange: A significant increase in the scale and sophistication of Ireland's facilities for the exchange of Internet traffic and sharing of telecommunications capacity or 'peering' is required if Ireland is to develop as a leading European location for e-commerce and e-business activities. The range of Internet peering opportunities in Ireland is limited due to the absence of leading international telecommunications operators and service providers. The Irish Neutral Internet Exchange (INEX) should strive to attract additional international Internet service providers and communications operators from Europe to have a presence here.

Major Role for State in Addressing Broadband Gap

"There is a major role for the State in ensuring that efficient broadband infrastructure and services are widely available by encouraging and facilitating competitive private sector investment and through its own initiatives in the case of market failures", said Travers. "The ultimate delivery of the infrastructures and services needed, will be either by private sector investment programmes, interventions by the State or by public and private partnerships. It is likely that if competitive broadband infrastructures and services are to be widely available in Ireland, a combination of all three of these implementation mechanisms will be required".

(Ends).

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