MINISTRY OF TRANSPORT
AND COMMUNICATIONS FINLAND

Making High Speed Broadband Available to Everyone in Finland

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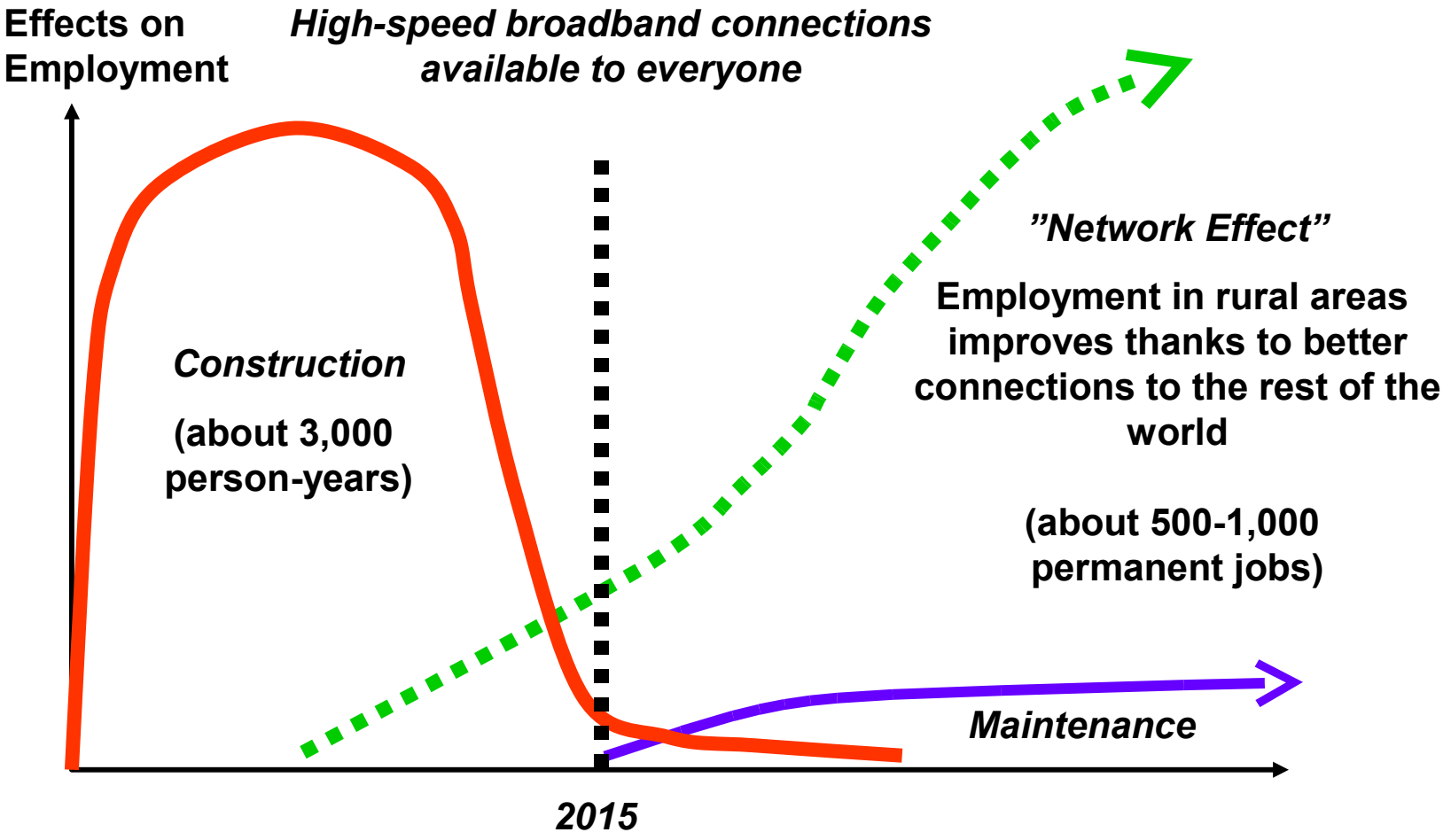
High-speed broadband connections create jobs in rural areas



Goals for Broadband Deployment set by the Government on 4 December 2008

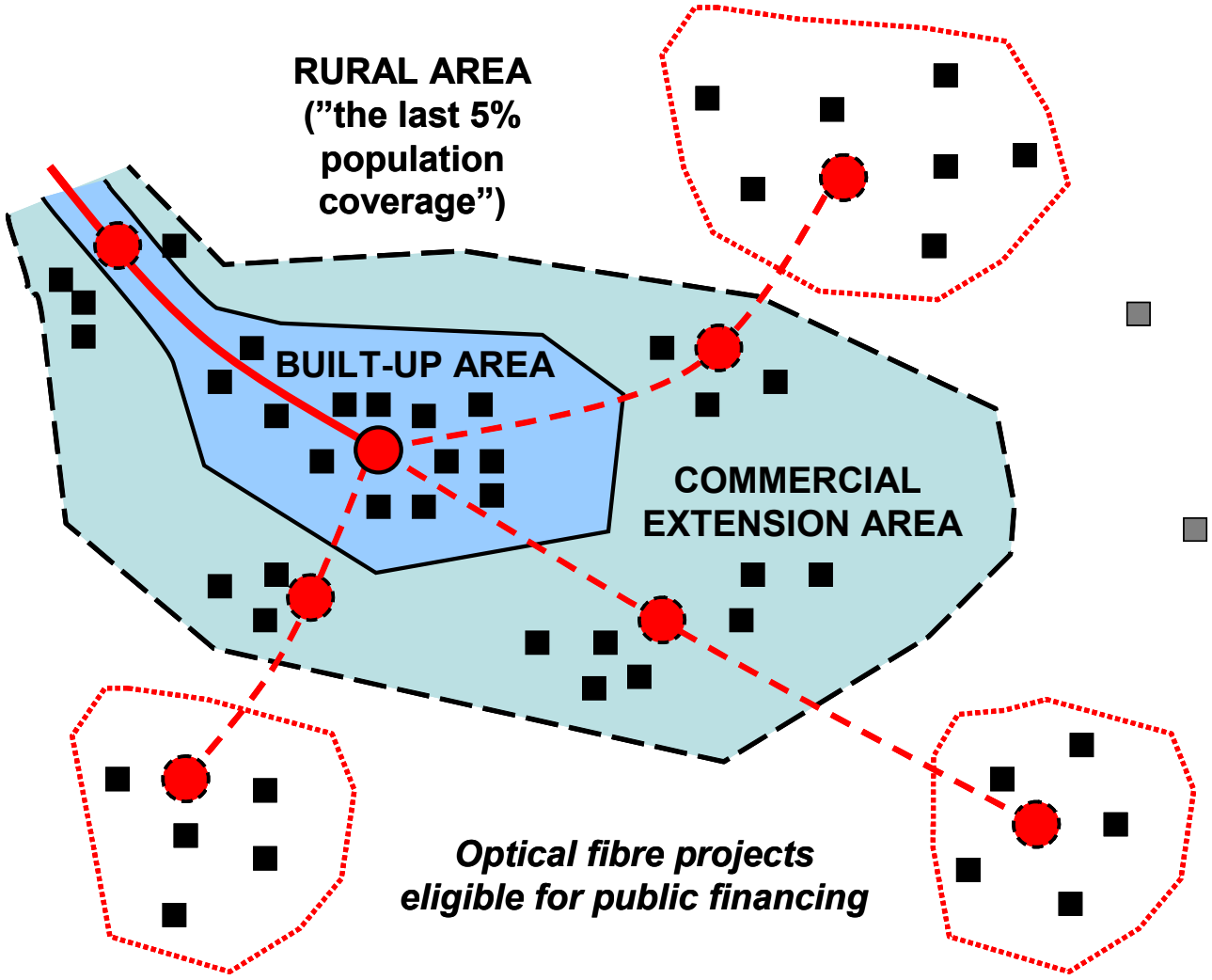
1 Mbit/s by 2010

- By the end of 2010 every permanent residence must have a reasonably priced 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 will be defined as a universal service (no public funding used).
- The service provider may decide the technology it will use.
- Reasonable price for everyone.

100 Mbit/s by 2015

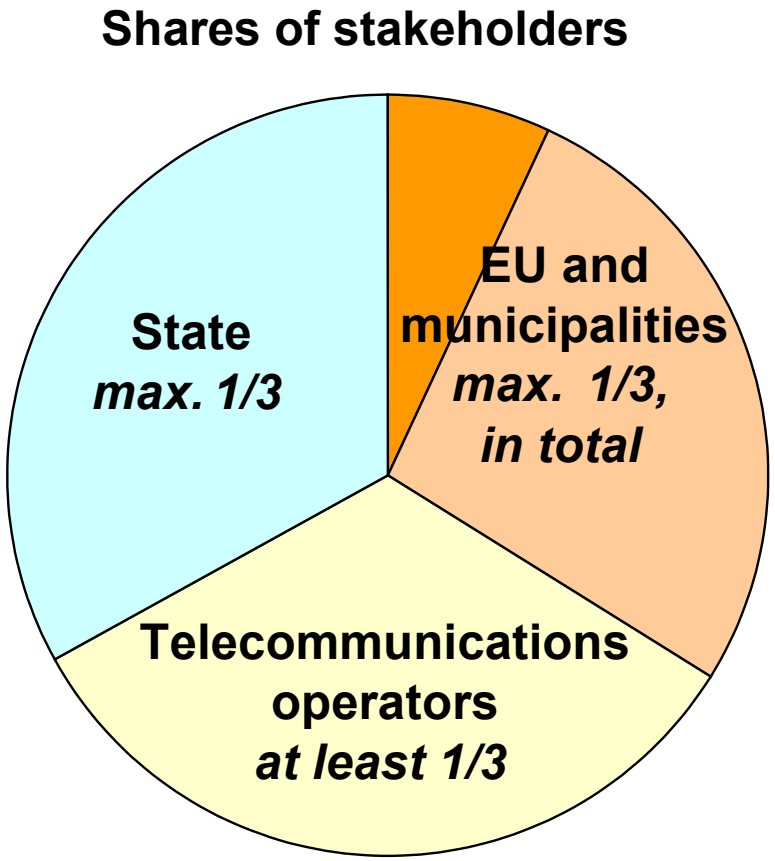
- By the end of 2015 nearly all permanent residences shall be within two kilometres reach of an optical fibre or cable network permitting 100 Mbit/s connections.
- Consumers will acquire their subscriber connection at their own expense.
- In built-up areas telecom operators will build high-speed connections on market terms. This will achieve a population coverage of around 95%.
- Extending the coverage to 99% will require that partly subsidised high-speed connections will be built to around 120,000 households in rural areas.
- Public aid – two thirds – will be provided by the state, municipalities and the EU.
- The costs of the project will amount to about 200 million euros, of which telecom operators will pay at least one third.
- Implementation in 2010–2015.

Projects eligible for public aid (the last 5% of the population)



Costs of extending high-speed broadband to rural areas

- Total costs some 200 million euros
- State subsidies 66 million euros in 2010–15 (total)
- Public aid no more than 2/3
- EU funding is used to decrease the financing share of municipalities
- Only projects not viable on market terms are eligible for public aid



Why are high-speed optical fibre connections needed in rural areas?

- The high-speed connections will be used for decades. Optical fibre is the only solution currently available that can, at a reasonable cost, be upgraded to meet the future needs.
- Information society services are at least as important in rural areas as in cities (telework, remote health care etc).
- Optical fibre connections will balance the regional differences in the supply of communication services. In major cities the current household price for a 100 Mbit/s subscriber connection is the same as for a 1 Mbit/s connection in non-built-up areas.
- In future, faster and more symmetrical connections will be needed – upstream rates need to be high as well. A rate of 100 Mbit/s will provide better opportunities for telework and development of social networking services. The spread of high-speed broadband networks will promote competition in the distribution of television programmes.

Some topical issues

- Should there be ”open access” if public funds are used?
- Who should own the publicly subsidised network?
- How to ensure continuation of service provision in the coming years if an operator owns the subsidised network?
- Could a cooperative society or a municipality set up a fibre project (instead of a traditional telecom operator)?
- How to make sure that there is a trunk network operator willing to provide a connection to the subsidised network?
- How to ensure that fibre networks to be implemented meet the technical standards (this is relevant mainly with networks implemented by cooperative societies)?
- How to ensure sufficient competition in all areas and how to make sure that customers will be provided with the service at a reasonable price?

Next steps

Preparatory work:
- Determination of the subsidised area (last 5% population coverage)
- Principles for public tendering
  Principles for public aid administration
- Possibly pilot projects

Spring–autumn 2009

2009

2010

Call for tenders

Spring 2010

Implementation of the first optical fibre projects

Summer 2010