



OPINION

REDUCING THE COSTS OF DEPLOYING BROADBAND

THE COMMITTEE OF THE REGIONS

- takes note of the European Commission's proposal, published on 26 March 2013, for a Regulation of the European Parliament and of the Council on measures to reduce the cost of deploying high-speed electronic communications networks, as part of the ten-point plan announced in conjunction with the mid-term review of the Digital Agenda for Europe;
- welcomes the priorities outlined in the Commission's proposal: high-speed networks, civil engineering works, joint use of existing infrastructure and enabling more efficient deployment of new physical infrastructure so that such networks can be rolled out at lower cost, reducing administrative burdens, and cutting red tape; all of these are areas in which cities and regions are not only stakeholders, but also service providers and beneficiaries;
- has already stressed that adopting rationalisation and modernisation measures and cutting back red tape as a priority course of action for reducing costs, as well as rationalising and simplifying administrative procedures and services, would boost economic activity, reduce bureaucratic procedures and formalities, facilitate relations between individuals and the administration, help bring down the administrative costs of doing business (not least in the field of high-speed internet infrastructure development), improve the competitiveness of enterprises and stimulate their development;
- points out that local and regional authorities have to become involved in financing digital infrastructure in areas considered unprofitable by private operators, for example in rural areas; in order to ensure equal access to new technologies for all citizens from all regions, asks the Commission to support these authorities in their financing activities, firstly by authorising participation by the European Structural Funds in the financing of digital infrastructure in all European regions, and secondly by recognising digital development projects in rural and sparsely populated areas as services of general interest and general economic interest.

Rapporteur:

Gábor Bihary (HU/PES), Member of Budapest General Assembly

Reference document:

Proposal for a Regulation of the European Parliament and of the Council on measures to reduce the cost of deploying high-speed electronic communications networks
COM(2013) 147 final

Opinion of the Committee of the Regions – Reducing the Costs of Deploying Broadband

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

1. takes note of the European Commission's proposal, published on 26 March 2013, for a Regulation of the European Parliament and of the Council on measures to reduce the cost of deploying high-speed electronic communications networks, as part of the ten-point plan announced in conjunction with the mid-term review of the Digital Agenda for Europe;
2. is pleased to see that the proposed regulation builds on best practices in the Member States, at the same time as ensuring that Member States continue to enjoy broad discretionary powers on organisational matters, and supporting the new culture of access;
3. welcomes the priorities outlined in the Commission's proposal: high-speed networks, civil engineering works, joint use of existing infrastructure and enabling more efficient deployment of new physical infrastructure so that such networks can be rolled out at lower cost, reducing administrative burdens, and cutting red tape; all of these are areas in which cities and regions are not only stakeholders, but also service providers and beneficiaries;
4. notes that high-speed broadband infrastructure is a pillar of the digital single market and a prerequisite for global competitiveness, for example in the field of e-commerce. As the communication on the Single Market Act II¹ points out, a 10% increase in broadband penetration could boost GDP by 1-1.5% a year and labour productivity by 1.5%². At the same time, broadband-induced innovation in companies creates employment and has the potential to generate 2 million extra jobs by 2020³;
5. emphasises that the EU cannot afford to have citizens or businesses left uncovered by such infrastructure, and that it has committed itself to the ambitious targets of the Digital Agenda for Europe: by 2013, basic broadband for all Europeans, and by 2020, (i) access to speeds of above 30 Mbps for all Europeans, and (ii) an internet connection of above 100 Mbps for 50% or more of European households. However, these targets can only be met if infrastructure development costs come down throughout the EU;

1 (COM(2012) 573 final).

2 Booz and Company, Maximising the impact of Digitalisation, 2012.

3 Commission estimate based on national studies (Liebenau, J., Atkinson, R., Karrberg, P., Castro, D. and Ezell, S., 2009, The UK Digital Road to Recovery; Katz R.L. et al, 2009, The Impact of Broadband on Jobs and the German Economy).

6. emphasises that, as explained in the CoR's White Paper on Multi Level Governance⁴, coordinated action by the European Union, Member States and local and regional authorities in full compliance with the subsidiarity principle is vital in steering the processes underpinning the proposed regulation of the European Parliament and of the Council on measures to reduce the cost of deploying high-speed electronic communications networks and the accompanying policies;
7. in line with its previous opinion, argues that Europe's potential for developing ICT services in the public and private sectors should be fully exploited, and thus ICT should be used as a means of improving local and regional authority services in fields such as healthcare, education, public order, security and social services. EU-backed public-private partnerships between local and regional authorities and ICT-development SMEs in the area of public ICT services can serve as an excellent cornerstone for building up local skills and knowledge across the EU⁵;
8. has already stressed that adopting rationalisation and modernisation measures and cutting back red tape as a priority course of action for reducing costs, as well as rationalising and simplifying administrative procedures and services, would boost economic activity, reduce bureaucratic procedures and formalities, facilitate relations between individuals and the administration, help bring down the administrative costs of doing business (not least in the field of high-speed internet infrastructure development), improve the competitiveness of enterprises and stimulate their development⁶;
9. strongly emphasises that the Commission and the Member States should take the requisite steps to ensure that local and regional authorities are fully and effectively involved in the governance of ICT-related initiatives⁷;
10. takes note of the intention of the proposed regulation to help improve the quality of services and electronic products provided to European consumers and cut unnecessary costs and administrative burdens, at the same time as supporting the digital Single Market and the objectives of the Europe 2020 strategy;

Broadband penetration

11. stresses that local and regional authorities are among the main recipients of the proposals set out in the Digital Agenda for Europe, not least in relation to broadband development, and could be key drivers for its implementation. The priorities of the new strategy at local and

⁴ CdR 89/2009 fin.

⁵ CdR 156/2009 fin.

⁶ CdR 65/2011 fin.

⁷ CdR 283/2008 fin.

regional level could support citizens' quality of life and their social and economic activity, while stimulating regional development and encouraging more efficient and personalised public services, as well as local businesses. Regions and cities have several means of fully unlocking this potential;

12. welcomes the potential of the proposed regulation to significantly help to bridge the digital divide and achieve the objectives of the Europe 2020 strategy, while meeting some of the key social, cultural and economic needs of the people of Europe⁸;
13. acknowledges that the information society has hugely accelerated economic and social progress, something which will be further boosted by more effective broadband infrastructure development; however, warns in particular that it has become easier to spread content that could endanger young people and fundamental democratic values, a risk which can be countered through appropriate value-based education and widespread media literacy⁹;
14. emphasises that local and regional authorities must play a key role in helping to ensure even and affordable broadband access, for example in areas where the market fails, in providing leadership on pilot projects for bridging the e-Accessibility gap, and in developing new approaches to citizen-centred public e-services¹⁰;
15. reminds the Commission that non-repayable State funding is needed for broadband infrastructure development financed by local and regional authorities, and calls on the Commission to draw up rules on this issue;
16. reiterates the recommendations set out in its opinion on "The Digital Agenda for Europe" that funding and other support measures should favour the implementation of open-access broadband networks based on a horizontally layered network architecture and a business model that separates physical access to the network from service provision, and that existing optical fibre networks should be opened up to competition.¹¹ In practical terms, this means that, concerning dark fibre, which is a form of passive infrastructure, open-access business models should be actively promoted;
17. given that there are clear commercial arguments for broadband in densely populated areas, special attention should be paid to encouraging private-sector investment in rural and thinly populated areas, as well in the outermost regions, in order to ensure geographical equality. In this respect, local and regional authorities have a key role to play in coordinating demand for broadband access from public administration, law enforcement agencies, local schools and

⁸ CdR 14/2010 fin.

⁹ CdR 133/2009 fin.

¹⁰ CdR 5/2008 fin.

¹¹ CdR 104/2010 fin.

healthcare facilities, by establishing groups (of schools, communities, SMEs, etc.) at local level, developing broadband infrastructure demonstration areas for consumers, and by providing training;

18. points out that local and regional authorities have to become involved in financing digital infrastructure in areas considered unprofitable by private operators, for example in rural areas; in order to ensure equal access to new technologies for all citizens from all regions, asks the Commission to support these authorities in their financing activities, firstly by authorising participation by the European Structural Funds in the financing of digital infrastructure in all European regions, and secondly by recognising digital development projects in rural and sparsely populated areas as services of general interest and general economic interest;

Digital services and e-government

19. emphasises that ICT, underpinning an information society which is open to all, should address the needs of all members of society, including those at risk of social exclusion;
20. stresses that access to high-quality broadband services at reasonable prices can increase the availability and quality of services provided by local and regional authorities and – in the case of microenterprises and SMEs – facilitate product marketing. Remote regions and communities, especially the outermost ones, are expected to benefit considerably from more widespread and faster access to broadband services¹²;
21. emphasises that new uses and digital services are vital in making regions attractive and ensuring their balanced development; feels that enabling digital access for all is a prerequisite for successfully achieving the European Union's economic, social and territorial cohesion objectives;
22. in line with an earlier opinion¹³, suggests that the potential offered by faster network development based on the regulation should be fully exploited to develop ICT services in European public and private sectors, and thus ICT should be used as a means of improving local and regional authority services in fields such as education, healthcare, public procurement, security and social services;
23. in line with a previous opinion¹⁴, suggests that the potential offered by faster network development based on the regulation should be fully exploited to develop cross-border public services. The IT projects involved must cover aspects of interoperability and eIdentification of citizens (Stork), eSignatures, electronic publication of documents and other building blocks of eGovernment, so that these are dealt with in a European context;

¹² CdR 252/2005 fin.

¹³ CdR 156/2009 fin.

¹⁴ CdR 65/2011 fin.

24. points out that there is no way to unleash the potential of cloud computing¹⁵ without developing the requisite infrastructure support as quickly as possible;

Using ICTs for smart energy networks, digitalisation and creative content

25. emphasises that the Digital Single Market is a cornerstone of the Digital Agenda for Europe that will make it possible to create a growing, successful and vibrant pan-European market for the creation and distribution of legal digital content and online services, as well as giving consumers easy, safe and flexible access to digital content and service markets¹⁶; therefore, appreciates the impact which the proposed regulation will have in speeding up this process and reducing costs;
26. points out that it is crucial for public institutions at regional and local level to have adequate in-house capacities and sustainable financial resources for digitisation¹⁷;
27. acknowledges that the proposed regulation will help to address the challenge of energy efficiency through information and communication technologies¹⁸ and promote structural changes in the use of natural resources;

Access to existing physical infrastructure and transparency

28. agrees with the objective to maximise synergies across networks, with a regulation addressed not only to electronic communications network providers but to any owner of physical infrastructure – such as for electricity, gas, water and sewage, heating and transport services – suitable to host electronic communications network elements; however, in view of safety concerns and high costs is worried about the use of for this purpose of critical infrastructure such as metro tunnels in large cities;
29. is disappointed that, although high-speed broadband infrastructure is a pillar of the digital single market and a prerequisite for global competitiveness, telecommunications services and infrastructure in the EU are still highly fragmented along national borders;
30. given that civil engineering works constitute the dominant part in overall network deployment costs, views as a major regulatory step forward the right of every network operator to offer (or be offered, at reasonable prices and under fair conditions) access to its physical infrastructure (for example, ducts, conduits, manholes, cabinets, poles, masts, antennae, towers and other

15 CdR 1673/2012 fin.

16 CdR 104/2010 fin.

17 CdR 247/2009 fin.

18 CdR 254/2008 fin.

supporting constructions), in order to deploy elements of high-speed electronic communications networks, and the fact that the requisite information will be made available via single information points in the interests of transparency;

31. at the same time, points out that social and cohesion objectives should not be overlooked when setting prices and rates;

Coordination of civil works

32. is pleased that the proposed regulation includes the coordination of civil works, especially given that such investments are fully or partially financed by public means, however points out that it does not mention public procurement in relation to these investments;
33. is disappointed that the regulation fails to mention the role of local and regional authorities in coordinating building works within their jurisdiction; therefore recommends that the European Commission refer to local and regional authorities in its proposal;

Authorisation

34. approves the role of single information points in facilitating and coordinating the authorisation process, and feels that the six-month maximum deadline is sufficient;
35. is critical of the proposed regulation's failure to mention the role of local authorities in authorisation procedures, even though planning permission for building projects is usually a local authority competence, and is therefore concerned that this could lead to major costs for these authorities;

In-building equipment, and access to such equipment

36. feels that including the presence of high-speed-ready in-building infrastructure up to network termination points in newly constructed buildings as a planning permission criterion in the proposed regulation represents an important step forward;
37. is pleased with the obligation to provide new multi-dwelling buildings, as well as old ones that undergo extensive renovation, with a concentration point accessible to electronic communications networks providers, but feels it should be explained that this obligation also applies to social housing, to ensure that residents from groups threatened by digital exclusion also have access to broadband services; in this case, however, achievement of the objective sought should be fully supported;

Subsidiarity, proportionality and better regulation

38. acknowledges that the measures provided for in the proposed regulation in its current form appear to comply with the subsidiarity principle, given that reducing the cost of deploying high-speed electronic communications infrastructure requires EU action in order to improve conditions for the establishment and functioning of the internal market and remove barriers caused by the patchwork of rules and administrative practices at national and sub-national levels, which impedes the development and growth of European companies, has a negative impact on European competitiveness, and creates barriers to investing and operating across borders;
39. feels that the proposed measures relating to areas with intrinsic cross-border elements are necessary, given that they involve trans-national considerations which cannot be adequately regulated by national governments, or regional/local authorities on their own, and that full broadband coverage supports territorial cohesion;
40. acknowledges that the basic aim of the proposed regulation is to facilitate and incentivise the roll-out of high-speed electronic communications networks by promoting joint use of existing infrastructure and enabling more efficient deployment of new physical infrastructure so that such networks can be rolled out at lower cost;
41. feels that the proposed measures offer clear added value compared to isolated measures at national, regional or local level, given that the key measures can be grouped under the following four problem areas: high-speed networks, civil engineering works, joint use of existing infrastructure and enabling more efficient deployment of new physical infrastructure so that such networks can be rolled out at lower cost, as well as reducing administrative burdens;
42. notes that a joint European approach to the issues in question offers added value by avoiding unnecessary duplication and enabling economies of scale. Such an approach is indeed essential, given the ubiquitous, cross-border nature of the Internet, which is an indispensable tool in unleashing the full economic and social potential of ICTs;
43. acknowledges that the measures provided for in the proposed regulation in its current form appear to comply with the proportionality principle, as they do not go beyond what is necessary to achieve the objectives of the proposal in their aim to reduce barriers to access to physical infrastructures;
44. acknowledges that the cost reduction measures in the proposed regulation focus on increasing coordination and transparency, and on harmonising minimum tools, enabling the relevant stakeholders to exploit synergies and reduce inefficiencies in the rollout;

45. emphasises that the proposed measures do not impose specific business models and also leave open the possibility for Member States to adopt more detailed provisions, thus complementing rather than influencing on-going national initiatives. At the same time, they will allow Member States to build on their current measures and select the organisation of any existing or new measure which best suits their particularities, without necessarily imposing further costs;
46. underlines, however, that in order to ensure legal certainty, the regulation must specify what steps will be taken by the European Commission once exemption measures are notified by the Member States;
47. although a directive would give Member States more room for manoeuvre, accepts the choice of a regulation, which – provided it is applied with the requisite flexibility – will ensure the rapid availability of cost reduction tools, in keeping with the momentum of progress towards targets in the Digital Agenda for Europe due to be achieved by 2020;
48. with regard to better lawmaking, notes as a general observation that the proposed regulation makes several explicit references to the local and regional level. Given the competences of local and regional authorities and the key role they are called upon to play when planning and implementing any measures in the field of ICT (particularly for aspects related to developing high-speed networks), these authorities should be systematically consulted by the EU institutions and Member States on both the design and implementation of measures to put the European Digital Agenda into effect;
49. calls on the European Commission to refer the review report drawn up three years after entry into force of the regulation to the Committee of the Regions for an opinion.

II. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Article 2 new 11 point

Definitions

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
	<u>11. "National dispute settlement body": its functions are performed by the national regulatory authority, unless the Member State appoints other competent bodies, which are legally distinct and functionally independent of all network operators;</u>

Reason

A definition of the national dispute settlement body should be included among the definitions, in order to facilitate understanding and application of the regulation.

Amendment 2

Article 2 new 12 point

Definitions

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
	<u>12. "Single information point": its functions are performed by the national regulatory authority, unless the Member State appoints another competent body.</u>

Reason

A definition of the single information point should be included among the definitions, in order to facilitate understanding and application of the regulation.

Amendment 3

Article 7(2)

In-building equipment

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
All newly constructed multi-dwelling buildings, for which applications for building permits have been submitted after [<i>Publications Office: please insert the exact date of the entry into force of this Regulation</i>], shall be equipped with a concentration point, located inside or outside the building, and accessible to electronic communications networks providers, whereby connection to the high-speed-ready in-building infrastructure is made available. The same obligation applies in the event of major renovation works concerning multi-dwelling buildings for which applications for building permits have been submitted after [<i>Publications Office: please insert the exact date of the entry into force of this Regulation</i>].	All newly constructed multi-dwelling buildings, <u>including social housing,</u> for which applications for building permits have been submitted after [<i>Publications Office: please insert the exact date of the entry into force of this Regulation</i>], shall be equipped with a concentration point, located inside or outside the building, and accessible to electronic communications networks providers, whereby connection to the high-speed-ready in-building infrastructure is made available. The same obligation applies in the event of major renovation works concerning multi-dwelling buildings for which applications for building permits have been submitted after [<i>Publications Office: please insert the exact date of the entry into force of this Regulation</i>].

Reason

The purpose of the amendment is to explicitly state that economies should not be made on high-speed network deployment costs when constructing social housing, in order to ensure equal opportunities for residents.

Amendment 4

Article 10

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
The Commission shall present a report to the European Parliament and the Council by [Publications Office: please insert the exact date: entry into force of this Regulation + 3 years] at the latest on the implementation of this Regulation. The report shall include a summary of the impact of the measures provided by this Regulation and an assessment of the progress towards achieving its objectives.	The Commission shall present a report to the European Parliament and the Council by [Publications Office: please insert the exact date: entry into force of this Regulation + 3 years] at the latest on the implementation of this Regulation. The report shall include a summary of the impact of the measures provided by this Regulation and an assessment of the progress towards achieving its objectives. <u>The report must be referred to the Committee of the Regions for an opinion.</u>

Reason

The amendment envisages a mandatory consultative role for the CoR.

Brussels, 3 July 2013.

The President
of the Committee of the Regions

Ramón Luis Valcárcel Siso

The Secretary-General
of the Committee of the Regions

Gerhard Stahl

III. PROCEDURE

Title	Reducing the costs of deploying broadband
Reference(s)	Proposal for a Regulation of the European Parliament and of the Council on measures to reduce the cost of deploying high-speed electronic communications networks COM(2013) 147 final
Legal basis	Article 307 TFEU
Procedural basis	Optional consultation
Date of European Parliament referral	26 April 2013
Date of President's decision	27 March 2013
Commission responsible	Commission for Education, Youth, Culture and Research
Date adopted by commission	n/a
Result of the vote in commission	n/a
Date adopted in plenary	3 July 2013
Previous Committee opinions	<ul style="list-style-type: none"> – Opinion on i2010 – A European Information Society for Growth and Employment, COM(2005) 229 final, Rapporteur: Theodoros Georgakis (EL/PES), CdR 252/2005 fin – Opinion on e-Inclusion, COM(2007) 694 final, Rapporteur: Andras Szalay, CdR 5/2008 fin – Opinion on Addressing the challenge of energy efficiency through Information and Communication Technologies, COM(2008) 241 final, Rapporteur: Risto Koivisto, CdR 254/2008 fin – Opinion on Proposal for a Council Regulation on the Community legal framework for a European Research Infrastructure (ERI), COM(2008) 467 final – 2008/0148 (CNS) and Communication Towards joint programming in research: working together to tackle common challenges more effectively, COM(2008) 468 final, Rapporteur: Iñaki Aguirre Arizmendi, CdR 283/2008 fin – Opinion on the Interoperability Solutions for European Public Administrations (ISA), COM(2008) 583 final, Rapporteur: Veronica Diaconu, CdR 10/2009 fin – Own-initiative opinion on The Committee of the Regions' White Paper on Multilevel Governance, Rapporteurs: Luc Van den Brande, Michel Delebarre,

	<p>CdR 89/2009 fin</p> <ul style="list-style-type: none">– Opinion on Regional perspectives in developing media literacy and media education in EU educational policy, Rapporteur: Andras Szalay, CdR 133/2009 fin– Opinion on ICT infrastructures for e-science; A strategy for ICT R&D, Innovation and research on FET, COM(2009) 108 final, COM(2009) 116 final, COM(2009) 184 final, Rapporteur: Liudvikas Zukauskas, CdR 156/2009 fin– Opinion on Internet of Things and Re-use of Public Sector Information, COM(2009) 278 final, COM(2009)212 final, Rapporteur: Dumitru Enache, CdR 247/2009 fin– Opinion on Transforming the digital dividend into social benefits and economic growth and A public-private partnership on the Future Internet, COM(2009) 479 final, COM(2009) 586 final, Rapporteur: Jean-François Istasse (BE/PES), CdR 14/2010 fin– Opinion on Digital Agenda for Europe, COM(2010) 245 final, Rapporteur: Markku Markkula, CdR 104/2010 fin– Opinion on the eGovernment Action plan 2011–2015, COM(2010) 743 final, Rapporteur: Ján Oravec, CdR 65/2011 fin– Opinion on the Unleashing the potential of cloud computing in Europe, COM(2012) 529 final, Rapporteur: Gábor Bihary (HU/PES), CdR 1673/212 fin
Date of subsidiarity monitoring consultation	n/a