Welcome

**Municipalities and regions key players for broadband rollout!**

Welcome, I am Ulla Hamilton member of the Committee for Growth and Regional Development at Swedish Association of Local Authorities and I have also been vice Mayor in the City of Stockholm during the last eight years.

On behalf of the Swedish Association of Local Authorities and Regions and The City of Stockholm IT Infrastructure Company Stokab, I would like to welcome you to this seminar. “Maximizing fibre infrastructure investment in Europe - Municipalities and regions key players for broadband rollout”. We hope that you will find the topics of the seminar interesting and take this opportunity to discuss how regions and municipalities can foster fibre deployment in order to stimulate competition on the service level.

The digital evolution creates great opportunities for our society. To put it short, we can do much more in less time - the digitalization simplifies our everyday life. It can also strengthen the international competitiveness of our companies and support the development of innovative services in the public sector.

At the same time, it requires a more effective IT-Infrastructure. Access to superfast communication for people and companies at reasonable price levels is today pivotal for municipalities and regions possibilities to grow and develop. It also has great impact on where companies’ chose to locate their business. Therefore a connected society offers stronger regional development, increased growth and sustainability.

To summarize - this is not an issue only for the telecom sector. It is an issue for the society as a whole and thereby a responsibility for the EU, the member states, regions and municipalities.

In Sweden, the municipalities have taken responsibility to deploy open fibre networks, which companies are invited to use, on equal and non-discriminatory conditions. Basically the “Swedish model”, is about providing an infrastructure in the same way as we, as a country or a municipality, provide roads and railways to our citizens and businesses, e.g. as a public utility. The model allows companies to freely compete in providing the citizens with the best services to the lowest possible price.

Sweden has around 170 municipal fibre networks. Through the networks, owned by the municipalities, individual companies can on equal terms get access to a modern communication infrastructure. Network operators can through this infrastructure create their own solutions and applications, such as Internet, television and telephone products that are then offered to companies and households.

The major part of the investments in fibre infrastructure in Sweden are made by the municipalities and by the SMP (Telia Sonera). From the perspective of SALAR, we can conclude that the investments in municipal networks have been well motivated. The municipal networks are financially viable and do not rely on any support from the public. The access fees to the networks are in an international comparison very competitive.
The Swedish broadband and digital services market is by international standards dynamic and is characterised by strong competition. The open networks have stimulated new company-entries on the market since they don’t have to invest heavily in infrastructure or depend on leasing the infrastructure from a competitor. The municipal networks have for example contributed to Sweden’s world-class rollout of LTE network [4G] - the fastest available mobile technology of today. The prices on ultrafast broadband are also, in an international comparison, very low. Retail broadband prices in municipalities with open networks are generally 20-30% lower than in other parts of Sweden. This has also been an important driver for households to connect to the networks. Today, 5 out of 10 households have access to ultrafast broadband connections, allowing the households to stream media and television. The availability of infrastructure is driving demand and thus development of services e.g. 60% of the consumers who have access to ultrafast broadband subscribes to a 100 Mbit connection and swedes are leading in the use of high broadband speeds.

The deployment of the municipal networks has also been an enabler for municipalities and counties to provide distance learning, e-health solutions and other types of e-services to their citizens. Our main goal is to give our members, the municipalities, the opportunity to develop using modern IT applications in the fields of healthcare, education and care of the elderly. We are facing great challenges in these areas and smart ICT solutions can help us to develop our services but that in turn requires extensive fibre networks.

Among Sweden’s municipal networks, “STOKAB” is the most renowned. Stokab is owned by the City of Stockholm and started in 1994. It was not obvious to all of us within the conservative party that the city should get engaged in this business - wouldn’t it risk damaging competition within the market? On the contrary we found that the ownership of the infrastructure was a key factor. We found that in order to secure free and fair competition regarding services the City should provide the market with an open ICT infrastructure. Which in turn would contribute to growth and jobs. The network is also the key reason why Stockholm today ranks as one of Europe’s most attractive cities for companies to locate their businesses. Stockholm ranks number one of 40 cities around the world in Ericsson Networked Society index and one of the main reasons is Stokab’s fibre network. (High quality access to both fixed and mobile broadband, thanks to extensive infrastructure rollouts). A study performed by the research institute Acreo, has shown that the socio economic return on Stokab’s network is at least three times the investment - benefits that will continue to grow and accumulate. And this has been accomplished without costing the taxpayer any money.

I believe that securing and driving growth in today’s digitalized society relies on the existence of open fibre infrastructure that can serve the market on open and equal conditions. I would specifically like to emphasize the fact that our Swedish model has not caused a conflict between public and private interests. In fact, the municipalities’ investments in deploying open fibre networks have been blessed by the telecom industry. The private sector has seen that publically owned open fibre networks have led to lower costs and have stimulated competition. Furthermore it will stimulate the investments and innovation in communication equipment and services.

The European Union’s member states are at different stages of their NGA [Next Generation Access] rollout. The basic conditions for-, and pace of, - NGA roll out differs significantly. But the current development in Europe, where operators are becoming increasingly vertically integrated, i.e. control both infrastructure and services, is not, in our opinion, desirable. This development may lead to a monopolization, which would inhibit growth and competitiveness
throughout the EU. In a majority of European countries, it is expected that the incumbents shall provide the market with high-speed fibre networks. The incumbents originally built their [copper or coax] networks in order to supply their services and products to the end customer, but since then the marketplace has changed with the arrival of new technology and business models e.g OTT (over the top players), which in turn, has put increasing requirements on regulatory efforts. We [SALAR], welcome a reform of the European Telecom Market and will emphasize the need that the Commission take in consideration the well-functioning municipal model during that process.

We consider that public actors can be key players for broadband rollout and that the European Union should support Member States, regions and municipalities in their efforts to deploy fibre. Further-more when enough fibre exists on open and equal terms, i.e. an market structure with a non-vertically integrated network, entry barriers on the service level and associated competition problems do not exist. This will create new conditions with cost-effective solutions for several entering operators, OTT-players and freedom of choice for the customer.

We hope that our model can inspire other municipalities and counties. By starting with defining fibre for what it really is - a fundamental infrastructure in today’s modern society - we can all work together in fulfilling the objectives of the DAE (Digital Agenda of Europe) towards building a stronger Europe.