



Summary Report of the EURIM Communications Policy & Regulatory Strategy Group meeting, 1630-1800 on 28th March 2011 at the European Parliament Offices, Churchill Room, Europe House, 32 Smith Square, London SW1P 3EU

Chair: Malcolm Harbour MEP

Rapporteur: Edward Phelps (EURIM)

Background and Summary of main points

- The Chairman gave an overview of current discussions within the European Institutions – highlighting the importance of the current consultations. See www.eurim.org.uk/activities/commspol/Forthcoming_DG_INFISO_initiatives_2011.pdf for the DGINFISO table of current initiatives and consultations.
- There was a lengthy discussion on the ‘Making Markets Work’ paper: <http://www.eurim.org.uk/activities/commspol/MakingBroadbandInvestmentMarketsWork.pdf>. The next stage should be to add similar material on satellite and mobile broadband and create a paper of direct use to local authorities and MPs seeking to support initiatives to serve their areas.
- A proposal is needed for a follow up study on the broader political actions and regulatory and other changes that may be necessary to help “Make Markets Work” in pulling through investment to meet supposedly unsatisfied demand [EP and PV to produce].
- The Chairman agreed to circulate the OFCOM briefing material he had received, provided this was not confidential, and also a note on the Herefordshire pilot.
- The questions on the agenda in relation to spectrum, online intellectual property rights, smart infrastructure and the Digital Economy Act should form the basis of future discussions.
- Volunteers were identified to help organise a sub group, jointly with the Information Governance & E-Crime groups to look at the issues of digital impersonation, corporate as well as personal. This may lead into a more ambitious exercise regarding online IPR but should begin with the relatively uncontroversial issues of brand and image protection. The exercise should link to the plans of the Information Governance group for an holistic review of the issues around information sharing, data protection and online identity and privacy to help joined-up scrutiny of the many initiatives in this area.

1. Introductions

1.1 The Chairman opened the meeting and asked all present to introduce themselves.

1.2 The agenda was formally adopted. The Chairman hoped the group would increasingly help EURIM focus on issues at the EU level. The European Parliament was not expecting substantial legislation in the near future as opposed to policy decisions with longer term implications. These were summarised in the DG INFISO briefing note (www.eurim.org.uk/activities/commspol/Forthcoming_DG_INFISO_initiatives_2011.pdf) covering the Commission's forward work programme. These included discussions on Green Papers on e-health, data protection and the telecoms framework. The Commission was also consulting on a wide-ranging review of the Public Procurement Directives. The review of the data protection directive is wider ranging than had been initially thought. A review of Universal Service is also on the agenda.

1.3 A discussion followed on the nature of the proposed data protection changes and the legal issues which follow, including interpretation of the proposed policy, the right to be forgotten, informal consent, businesses obtaining data.

1.4 There were other debates in parallel with that on data protective such as on Cloud Computing and multiple data holdings. These highlight the need to harmonise legislation and set minimum standards. Member states can set standards with data protection authorities in their countries but is there a need for personal data to be registered with single data controller? Is this essential for the EU to be a single market reflecting the modern world?

1.5 The Information Governance Group is considering a major exercise to take an holistic approach to such concerns, with a view to developing a prospectus for a policy study on what needs to be covered at UK, EU and International level with regard to also joining up debate on electronic signatures, domain names and internet addressing under the sections on "identity governance".

1.6 **It is crucial that a short term response is given to the consultations on data protection.**

1.7 The Public Service Delivery Group is preparing a response to the European Commission Green Paper on the "Modernisation of Procurement Policy: http://ec.europa.eu/internal_market/publicprocurement/modernising_rules/consultations/index_en.htm. The initial reaction to the 119 questions put to EURIM members was that reform should focus on value for money, simplification and clarity, with the cost of procurement including organisation, promoting and estimated bids being no more than x %. The group had requested feedback from members on the value of "x".

2. **Making Markets work**

2.1 Bob Franklin summarised the work he had done in order to produce the first draft of this paper. There were three parts, covering demand, supply and investment.

2.2 Demand issues included changing traffic patterns (e.g. from e-mail to social networking) and revenue streams, low expectations regarding charges to residential customer, mixing different revenue sources etc.

2.3 Supply issues included net neutrality (alias traffic management/rationing), wholesale market, current and future business models, lack of investment in infrastructure, operational costs and newer/alternative ways of cutting costs

2.4 . These lead to lack of infrastructure investment. The bottom line is the need for at least £500Million a year of private money additional to the current plans of BT, Virgin and others. Was there scope for a broadband bond, more innovation in funding models and more choice?

2.5 There was also a need for better information on the implications of satellite and mobile broadband and a lack of publicly available data/information on what had actually been rolled out.

2.6 Also fundamental were issues such as state aid and the way market regulation affects business cases.

2.7 The next step is about what needs to happen to make markets work, beginning with the business cases for investment, referring to, for example, the USA experience where local access projects are often driven politically by those interested in the impact they have on property values.

2.8 There were a number of ideas to help the paper evolve to become a useful tool for investment or service providers but first there was a need to identify who was willing to help resource this in order to produce usable results. But do current suppliers have any interest in supporting shared information on business cases? What are businesses interested in asking for from fund managers? What are the points of leverage? How do we foster a belief that investors will make money from broadband?

2.9 A discussion followed with contrasting views about the Welsh experience, current broadband availability, investors, lack of data, business models and regional pilots, UK's historical background, use of fibre - with BT 66% fibre to homes by 2015. Was it essential for others to have access to BT ducts and poles at the same cost as BT in order to allow competitive environments to flourish? The initiatives in Cornwall and Yorkshire were

discussed where match funding from Government, EU Regional Development Funds and Agricultural Development were key to service delivery.

2.10 It was agreed that local authorities are looking for a lead on how consortia can be structured to suit their local needs. There was a discussion on shared network services, new networks, OFCOMs guidelines for bidders (which are currently being prepared) and role of local authorities. The Chairman commented that the group should make use of OFCOM data to refine EURIM's message.

Action: MH to circulate the OFCOM briefing notes that he had received and also a note prepared for the Herefordshire pilot.

2.11 The Chairman asked that the Group provide input to Bob Franklin and consider what support material was needed and by whom. MPs are attending many public meetings on these issues and need necessary material to ask or respond to questions. He referred to the Cumbrian and Hereford projects, the announcements in the budget, cross fertilisation in member states, structure funds and the European investment bank.

2.12 The issues of net neutrality (e.g. who should be expected to pay for what levels of service?) were raised, along with routines for access to EU regional growth funding. (The just released Commission paper can be found here: http://ec.europa.eu/information_society/policy/ecom/comm/doc/library/communications_reports/netneutrality/comm-19042011.pdf)

2.13 The Shared Network Services Group needs to be reinvigorated and used to promote the collation of material in relation to bidding packages in consultation with BDUK, DCMS and Ofcom to produce a shared resource usable by local authorities with summaries that meet MPs needs.

3. Future discussion

3.1 The questions on the agenda in relation to spectrum, online intellectual property rights, smart infrastructure and the Digital Economy Act should form the basis of future discussion.

3.2 Following discussion on the need to better address electronic impersonation (corporate as well as personal), volunteers were identified to help organise a sub group, joint with the Information Governance & E-Crime groups to look at how to address this, beginning with the relatively uncontroversial issues of brand and image protection.

4. Any other business

4.1 The Chairman highlighted the Green Paper on reform of copyright and enforcement issues and possible consultation on a future E Communications Bill.

4.2 With no further business the Chairman thanked the Group and the meeting closed.