

National Broadband Plan

- The National Broadband Plan has been under development since 2012. Its purpose is to ensure that all premises in the State have access to high speed broadband. It is designed to supplement the investment plans of the private sector: the State will subsidise the private sector to provide broadband in areas not covered by the private sector's investment plans.
- **Intervention Area:** In 2012 the proposed Intervention Area was 1.3 million premises (i.e. 56% of a total of 2.3m addresses in the State). The size of the Intervention Area has come down incrementally since then.
- Earlier this year Eir announced that it would extend its commercial investment to a further 300,000 premises, so that the Intervention Area now stands at 542,000 (c.42% of the 2012 proposal of 1.3 million addresses)
- **Procurement Process:** The procurement process, which commenced formally at end- 2015, takes the form of a competitive dialogue which involves several complex stages.
- The competition now under way is to get the private sector to tender for the provision of broadband services in the Intervention Area under a 25 year contract with the Department of Communications.
- The competition is being managed by the Department of Communications which has received Government approval at key stages.
- **Ownership of Assets:** In 2016 the Government decided that the contract would subsidise the construction and operation of high speed broadband in the Intervention Area, with the assets to be owned by the successful bidder at the end of the contract. (This is described as the "gap funding" model). The Government decided that this arrangement was preferable to a "concessionaire" model, in which the assets would be in Government ownership at the end of the contract.
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- **Current Position:** At present, DCCAE is in detailed technical and financial negotiations with qualified bidders prior to entering the final tender stages of the process.
- When the procurement process commenced in 2015, the Department of Communications envisaged the Contract Award occurring at end-2016 with construction commencing in 2017. This deadline has slipped.
- Given the complexity of the NBP, and the necessity for Government to consider it as key stages, it seems that the original targeted timescale was unduly ambitious. The process is extremely complex and it is vital that the Department of Communications gets it right: that the contract with the successful bidder delivers the high speed broadband to the Intervention Area; that the Exchequer gets value for money and that the 25 year contract is robust. While any delays are regrettable, we should not proceed at a pace that compromises any of these objectives.

- Minister Naughten’s recent comments and press coverage suggests that construction will not now commence until after Eir has completed its construction of the recently-announced additional broadband connections to the additional 300,000 premises.
- If this matter is raised, it is suggested that you say that contractual and operational details of the roll-out of Exchequer-subsidised broadband is for the Department of Communications to negotiate.
- **Funding:** The Broadband Capital Allocation reflected in Budget 2017 is as follows:

| 2017 | 2018 | 2019 | 2020 | 2021 | Total (€ million) |
|------|------|------|------|------|-------------------|
| 15 | 30 | 75 | 75 | 75 | 270 |

This provision is not an estimate of the cost to the Exchequer: it is intended make reasonable provision in medium term Budgetary planning and to demonstrate to the private sector the Government’s commitment to the NBP.

The actual level of Exchequer provision will reflect the outcome of the competition.
