Cofnod y Trafodion
The Record of Proceedings

Pwyllgor yr Economi, Seilwaith a Sgiliau

The Economy, Infrastructure and Skills Committee

25/01/2017

Cynnwys
Contents

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn
ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd. Lle y mae cyfranwyr
wedi darparu cywiriadau i'w tystiolaeth, nodir y rheini yn y trawsgrifiad.

The proceedings are reported in the language in which they were spoken in
the committee. In addition, a transcription of the simultaneous interpretation
is included. Where contributors have supplied corrections to their evidence,
these are noted in the transcript.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Hannah Blythyn Bywgraffiad|Biography	Llafur Labour
Hefin David Bywgraffiad|Biography	Llafur Labour
Russell George Bywgraffiad|Biography	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Vikki Howells Bywgraffiad|Biography	Llafur Labour
Mark Isherwood Bywgraffiad|Biography	Ceidwadwyr Cymreig Welsh Conservatives
Jeremy Miles Bywgraffiad|Biography	Llafur Labour
Adam Price Bywgraffiad|Biography	Plaid Cymru The Party of Wales
David J. Rowlands Bywgraffiad|Biography	UKIP Cymru UKIP Wales

Eraill yn bresennol
Others in attendance

Ed Hunt	Cyfarwyddwr y Rhaglen Superfast Cymru, Grŵp BT Programme Director Superfast Cymru, BT Group
Julie James Bywgraffiad|Biography	Aelod Cynulliad, Llafur (Y Gweinidog Sgiliau a Gwyddoniaeth) Assembly Member, Labour (The Minister for Skills and Science)
Simon Jones	Cyfarwyddwr, Trafnidiaeth a Seilwaith TGCh, Llywodraeth Cymru Director, Transport & ICT Infrastructure, Welsh

Government

Rhayna Mann	Uwch Swyddog Allgymorth ac Ymgysylltu, Cynulliad Cenedlaethol Cymru
	Senior Outreach and Engagement Officer, National Assembly for Wales
Garry Miller	Pennaeth Polisi Seilwaith, Grŵp BT
	Head of Infrastructure Policy, BT Group
Richard Sewell	Dirpwy Gyfarwyddwr, Is-adran Isadeiledd TGCh, Llywodraeth Cymru
	Deputy Director, ICT Infrastructure Division, Welsh Government

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Robert Lloyd-Williams	Dirprwy Glerc
	Deputy Clerk
Gareth Price	Clerc
	Clerk
Robin Wilkinson	Gwasanaeth Ymchwil
	Research Service

Dechreuodd y cyfarfod am 09:30.
The meeting began at 09:30.

Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau
Introductions, Apologies, Substitutions and Declarations of Interest

[1]   **Russell George**: Bore da, good morning. Welcome to the Economy, Infrastructure and Skills Committee. I'd like to welcome Members here this morning. There are no apologies today under item 1. Are there any declarations of interest? No, there are none. So, in that case, we'll move to item 2.

Fideo: Safbwyntiau Busnesau o amgylch Cymru—Seilwaith Digidol yng Nghymru
Video: Views from Businesses around Wales—Digital Infrastructure in Wales

[2]   **Russell George:** I'd like to welcome Rhayna this morning from the outreach team within the National Assembly for Wales, and we've got a short video presentation to watch this morning that lasts approximately 13 minutes. So, I'd ask Rhayna perhaps just to introduce that before we start watching it.

[3]   **Ms Mann:** Thank you, Russell. Good morning, everyone. To source evidence for the digital infrastructure inquiry, we, the outreach team, gathered evidence from businesses across Wales in the form of a video interview package, which we're going to show this morning. We sourced those who took part through a combination of suggestions from Members, contacts developed by the outreach team, and some through interest groups. So, I would just like to thank Members for their input on this. It was very helpful. And we'll be in touch with constituency offices after this to inform them of the work that's taken place and of the people that we spoke to as well.

[4]   The questions that we asked I've put out in a small pack that you can see, so you can see the items that were covered in the interviews, and I've also put together just a quick briefing so that you know who's speaking and a little bit about them. The questions asked are in the briefing pack, and the kinds of questions we asked were: what the current state of mobile and broadband provision was in their areas and how that had an impact on their business; how well the Superfast Cymru project had been communicated in their area, and whether they had explored this and other options to improve connectivity; had they accessed support through other broadband schemes; and what should the Welsh Government's priorities be for a successor scheme. After asking the questions, we broadly divided it down then into three main themes: the first theme is impact of connectivity on business; the second theme is other Welsh Government broadband interventions, alternative approaches to connectivity; and finally, priorities for a successor scheme. So, I hope you enjoy. Are you ready to see it? Fingers crossed this is where the technology works.

Dangoswyd DVD. Mae'r trawsgrifiad mewn llythrennau italig isod yn

drawsgrifiad o'r cyfraniadau llafar ar y DVD. Mae'r cyflwyniad ar gael drwy ddilyn y linc hon: cyflwyniad DVD.

A DVD was shown. The transcription in italics below is a transcription of the oral contributions on the DVD. The presentation can be accessed by following this link: DVD presentation.

Pam mae cysylltedd digidol yn bwysig?   **Why is digital connectivity important?**

[5]   **Andy Walker:** *It is the fourth utility. We need it to be good and it does affect our business when we say we have a 7 Mbps connection that we share across 220 units, potentially 400-plus people on the park. It's a problem.*

[6]   *'We've just moved factory and have had enormous problems getting broadband to our new site in Llanboidy! We don't have mobile signal, open reach won't upgrade the lines to our new site (which will hopefully be home to 20 small businesses over the next 6 years).'—NomNom Chocolate Ltd.*

[7]   **Lorraine Miles:** *On the farm, we don't have access to broadband, apart from through my mobile broadband with my mobile phone. And, then again, it is very intermittent.*

[8]   **Andrew Griffiths:** *Within businesses, 10 Mbps should be the absolute minimum standard, and a lot of people like us, we're down at 2 Mbps.*

[9]   **Lawrence Hembrow:** *We upgraded to the superfast broadband last summer, so that has definitely improved*

[10]   **Izabela Hembrow:** *That's a big improvement, yes.*

[11]   **Annwen Watkins:** *Ym Mhowys ar hyn o bryd, rydym ni'n gwybod mewn ffaith nad ydy'r cysylltiadau ddim yn eu lle o ran chwech ysgol.*   [12]   **Annwen Watkins:** *In Powys, we know that connections are not currently available in six schools.*

[13]   **Andy Walker:** *I think, certainly, broadband mobile provision has got better, and broadband has improved. We used to be on 1 Mbps, and now we're on seven to eight. Where we are and where we need to be are a long way apart.*

[14]   **Gareth Jones:** *We had a lot of connectivity issues a few years ago. It*

was resolved, but we were actually without broadband for nine weeks. We had staff working from home by dongles and all sorts at one point.

[15]   *Annwen Jenkins:* Rwy'n gwybod bod rhai ysgolion uwchradd syth drwodd o fewn Powys methu defnyddio Hwb efo'u disgyblion. Mae yna broblemau yn fanna hefyd. Eto, maen nhw dan anfantais, ac mae o'n bwysig bod rhwydd hynt i ddefnyddio'r adnoddau yma a bod y cyflymdra yn addas.

Annwen Jenkins: I know that some high schools in Powys can't use Hwb with their pupils. There are problems there, too, and they are disadvantaged. It's important that they are free to use these resources and that the speed is appropriate.

[16]   *Lorraine Miles:* Well, it's a major impact on the business. The fact that we cannot use our broadband to fill in forms—the CTS online, the sheep movement, as my husband was saying previously. The single farm payment forms are all online, and, because our daughter actually lives in the village in Tonmawr—we're about 2 miles outside the village, and she's actually lived in the village for four years now—we have to go to her house, because she has a good broadband signal, for her to complete the forms with us or for us to complete the forms with her. Any movements we have, she has to send them off for us. So, it's a great inconvenience, to say the least. But if she didn't live in the village, I don't know how we would do it.

[17]   *Andrew Griffiths:* At the moment, if you have standard broadband on this estate and you want to send an e-mail, you've got to go off the estate to a residential house nearby or you've got to use your mobile phone to do it.

[18]   *Izabela Hembrow:* We implement a few things on the farm, which are based on the broadband as well, and that helps a lot—

[19]   *Lawrence Hembrow:* So, to identify any of the cows that become sick or look like they might be becoming sick. That information is all held on the Cloud and then it goes to my telephone or to a computer. So, that's where you access it. Without the internet, then that system dies basically.

[20]   'All of our systems are cloud based and to run our new site we will need to run our telephones through VOIP.'—NomNom Chocolate Ltd.

[21]   *Andy Walker:* Because of where we are in our rural location, the broadband isn't reliable. So, when the broadband goes down, I have a very

long queue outside my office, asking me what's going on, when it will be fixed and why it is a problem again. That's not ideal. We need to provide a good-quality service, as we do with everything else. We need the broadband to come up to the standard that we aim to give our customers.

[22] *Annwen Watkins:* Mae'r adnoddau o fewn yr Hwb yn wych, lle rydym ni'n defnyddio Office365 a Just Too Easy. Mae'r adnoddau yna ar gael i bob ysgol am ddim, ac maen nhw yn rhai arbennig. Ond, yn anffodus, nid yw pob ysgol yn gallu gwneud defnydd llawn ohonyn nhw er eu bod nhw yna. I gyflawni gofynion y fframwaith, mae'n rhaid i ni, fel staff, allu defnyddio'r adnoddau yna, achos maen nhw yn wych, ac mae'n biti nad ydym ni'n gallu eu defnyddio nhw yn llawn.

Annwen Watkins: The resources in Hwb are excellent. We use Office 365 and Just Too Easy. The resources are made available to all schools free of charge, and they are excellent. Unfortunately, however, not all schools are able to make full use of them, even though they are available. To meet the framework's requirements, we, as staff, have to be able to use these resources, because they are excellent. It is a shame that we can't use them fully.

[23] *Gareth Jones:* We need better connectivity from broadband and the mobile phone signal to keep up with a fast-paced modern world. At the moment, it's not happening quickly enough.

[24] *Andrew Griffiths:* We look like a backward company. Unfortunately, that's the way a lot Welsh companies look—we look backwards because we're Welsh, and it's not because the companies are backwards; it's because the infrastructure that's supplying us is.

[25] *Gareth Jones:* It's very difficult to measure the financial impact of something like that. It just ruins the efficiency of the type of business that you're trying to run. When you're trying to portray a sleek, professional business, and when you're having problems communicating, it's really difficult.

[26] *Andrew Griffiths:* So, we're being penalised by where we are, yet, where we are is so good for the local community because we employ local people. So, it could get to the stage where we could move—we could move somewhere else. We probably wouldn't look at another part of Wales; we'd probably look at Bristol.

[27]   'Our whole business is suffocated by the lack of access to a stable internet connection. It's only a matter of time before the business will have to leave Llanboidy to find better connectivity. If that happened now it would take £200k per annum from the Llanboidy economy and 25 jobs.' — NomNom Chocolate Ltd.

[28]   *Andy Walker:* I think the businesses will ultimately create more jobs and more opportunity, and that's what broadband is an empowerer towards—it will help create employment in Wales.

Pa mor llwyddiannus yw'r dulliau presennol o wella cysylltedd?	**How successful are current approaches to improving connectivity?**

[29]   *Lorraine Miles:* We talked to BT a few years ago about trying to install broadband. They gave us the hub and tried to install it, but then it became evident that there wasn't a suitable signal. So, we don't have it. It makes us feel quite isolated, I think, really.

[30]   *Izabela Hembrow:* We just went online and we Googled superfast broadband and I remember going to the website, which was asking me where we lived. We put our address in and we found out that it was actually there, accessible. So, I think we phoned BT and we just switched to superfast broadband and it was quite straightforward.

[31]   *Andy Walker:* Superfast Cymru has always seemed quite exciting. However, I've been to quite a lot of presentations and the promise and the delivery are very different. I really admire Welsh Government's aspiration and they are aiming to be faster in terms of broadband provision than any other part of the UK—that's great, but from what we're told and what's delivered, there is a massive gap.

[32]   *Andrew Griffiths:* The schemes are designed for those who already have. So, if you already have your exchange updated and you already have your BT cabinet upgraded, then the schemes are great because you can go from having very fast broadband to extremely fast broadband. If you have nothing, you still have nothing; the schemes don't help you whatsoever.

[33]   *Andy Walker:* So, the scheme I'm in, you are graded on where you are in terms of your distance from the exchange. Depending on how far you are, depends on how much of a grant you get. So, we've been lucky enough to

get up to £10,000 from Welsh Government to provide us with some kind of superfast connection, so I should get the 300 Mbps connection, which isn't really enough to service all my customers, but it's an awful lot better than the 7 Mbps that I'm getting at the moment. My concern is that Welsh Government are paying for that, and I'm really pleased about that bit, but what I'm not so keen about is that it's actually a dedicated line to me, by all accounts, and that dedicated line then can't be shared with a business just down the road—so, Lloyds Caravan Sales, which is 100 yards away from me. So, Welsh Government aren't paying to improve or extend the infrastructure, they're paying for something that's dedicated to me, and that seems to be quite restrictive.

[34]   **Andrew Griffiths:** They say, 'If you group together, then you could afford this £50,000 connection.' But trying to get four or five businesses to group together to put large amounts of money in and work together is almost impossible when you think that you should have this anyway. Why should we be paying for BT and Openreach's infrastructure for them then to make profit?

[35]   **Andy Walker:** The superfast voucher scheme that I've signed up to is great. The costs are very high. We're quite a big business and it's going to cost us £300 a month. That's a cost that we can afford because it goes directly to our customers and increases our service provision and our ability to service their needs. For smaller businesses, it's out of reach. I asked for a quote for a second line to be put in at 30 Mbps or 40 Mbps into my office, and that was £90 a month, which is still beyond the reach of many small businesses. It seems like a bit of a dead duck, really. It's a great scheme, but I don't know that many businesses will be able to take full advantage of that.

[36]   **Andrew Griffiths:** If you want to get a cabinet upgraded and you're going to pay for that, it's going to cost £20,000 or £30,000. Small businesses can't afford to do that on their own.

[37]   **Lorraine Miles:** There is now a new windfarm coming to fruition on the borders of our land, with backing for it. I think it's going to become one of the largest windfarms in Europe. There is now a new mast or satellite, or whatever mast, that has been erected in the summer of this year, and we were just wondering if there is any opportunity to piggyback onto that connectivity that they must have for their wind turbines to actually see if local landowners could benefit.

[38]   *Andy Walker: The scheme is quite confusing. I was put in touch with a company in England, which was the only company I could find to sell me a connection that was fast enough under the Welsh Government voucher scheme system. I'm not entirely sure what it's called, but I'm buying the system through Fluidata. I can't find a company in Wales to sell me that product. I find that absolutely crazy. Even BT can't find me a company. BT Local Business will not sell me the voucher-scheme solution, they want to sell me a very expensive lease line.*

[39]   *Lawrence Hembrow: I'm not sure about how well it's been communicated, to be honest. We managed to find out about it by going and looking for it ourselves. Then, because we realised that it was in the area, we went and got connected. So, as opposed to having been told, we've gone to find out, which is maybe a shame for some people. Some people are maybe not aware that it's there and therefore have not taken the opportunity that's there for them. It would be good to know what the next step is, what's after superfast broadband, what is coming next, how is that going to help our business and how's that going to work. It would be good to know so we can get ready to take advantage of it.*

Beth y dylai cynlluniau yn y dyfodol fod?   **What should future schemes look like?**

[40]   *Lorraine Miles: I really think that those people in isolated areas are becoming more and more isolated because of their lack of access to suitable broadband. I think it would be good if the Welsh Government could prioritise those people who have little or no broadband access to ensure that they do not get further marginalised and further left behind.*

[41]   *Andrew Griffiths: I think they've got to concentrate on where British Telecom and Openreach haven't upgraded because it's not commercially viable for them to upgrade.*

[42]   **Annwen Watkins:** *Hoffwn i petasai Llywodraeth Cymru yn ymchwilio i faint o ysgolion sy'n cael trafferthion cysylltu â'r we ac, os yw'r we yn araf mewn ysgolion, a ydy'r sefyllfa yn amharu ar y ddarpariaeth, beth mae'r ysgol yn gallu cynnig o ran defnyddio'r fframwaith yn*

Annwen Watkins: *I would like to ask whether the Welsh Government will look into how many schools have difficulty accessing the internet, or whether the internet connection in some schools is slow. Does this affect a school's provision in terms of using the framework successfully?*

llwyddiannus yn yr ysgol.

09:45

[43]   *Lawrence Hembrow: Some of the technology is at the point where—. I don't quite know how to maybe make the best use of that. I don't quite know how to get—. I quite want wireless internet everywhere, but I don't really know how to go about doing that. I'm not quite sure who the right person to talk to is and how to get help with that.*

[44]   *Andrew Griffiths: What they need to do is they need to be helping these businesses that have nothing at the moment. So, an immediate way of doing that is either subsidise the cabinets to be upgraded or have a scheme that allowed them to have leased lines installed at a reasonable price.*

[45]   *Lawrence Hembrow: Fairness in business is quite important, I think. If you're in an area where you don't have broadband or it's more unreliable, then it's very hard to be competitive now. So, I think there needs to be a level of fairness across areas throughout Wales.*

[46]   *Andrew Griffiths: And it seems wrong that then so much of the Welsh Government's money is being thrown into the local residential areas which already have good connection. They already have fantastic connection and we're throwing money at them to get them even more of a connection.*

[47]   *Andy Walker: I think in terms of priorities moving forward, Welsh Government should continue to aim high. We need broadband in Wales. Broadband brings jobs and not just in the installation, but also it gives opportunities to people in very rural areas to do all sorts of jobs. They can be receptionists for big businesses and never leave the house. They can do design work and send it up the line to anywhere in the world. So, there is a whole host of opportunities, but we need it to be as fast as we can possibly get it.*

[48]   *Lawrence Hembrow: So, we're talking about that speed, but I think, really, as much as anything it's reliability. So, even if you haven't got high speed, at least if you've got something all the time you can still work.*

[49]   *Lorraine Miles: What about people who don't have access to broadband? How are they going to be catered for? Because, you know, will there be 100 per cent coverage in Wales or will there always be people who*

are not able to get good access to broadband, in which case what provision will be made for those people?

[50]   **Russell George:** Can I thank the Assembly's outreach team for putting that together? A considerable amount of work obtaining the views from people right across Wales—we're very grateful for that. I should say that that video, or clips of it, will also be on the committee's Twitter feed, which is @SeneddEIS. Do Members have any brief comments about the video before we move on? All I shall say is that I visited that particular school, Ysgol Pennant, before Christmas and I was grilled to a considerable extent, not by the headteacher, but by 10-year-olds on the school council. They were very articulate in their views.

09:47

BT Group—Seilwaith Digidol yng Nghymru
BT Group—Digital Infrastructure in Wales

[51]   **Russell George:** Right, in that case then, we'll move to item 3, and I'd like to welcome our witnesses this morning and perhaps ask if you could introduce yourselves and your positions within British Telecom.

[52]   **Mr Miller:** Good morning. My name is Gary Miller; I'm head of infrastructure policy in BT Group, and as such I've been heavily involved with the work with the Governments across the UK and Broadband Delivery UK from the very early stages of the Government, part-Government-funded programmes, and also the whole fibre deployment from our commercial perspective as well. Hopefully I can enlighten you with any of your questions this morning.

[53]   **Russell George:** I'm grateful.

[54]   **Mr Hunt:** Good morning. My name's Ed Hunt. I'm BT Group, I'm part of the BT Wales board and my day-to-day job is running the Superfast Cymru contract on behalf of BT.

[55]   **Russell George:** I'm grateful. I'll move to David Rowlands to start questioning.

[56]   **David J. Rowlands:** What insurance can BT offer that it will fulfil its contractual requirements with Superfast Cymru?

[57]   **Mr Hunt:** We made a commitment in 2012 to this contract. Four years—5 years, sorry, have passed us in the blink of an eye. We've come from less than 50 per cent coverage to now being on the cusp of 90 per cent coverage. We've achieved a huge amount. We've still got a lot to go, a lot to complete this year, but that commitment has not changed: we will be delivering the obligations that we set out to in 2012.

[58]   **David J. Rowlands:** But what's described as superfast can range anywhere from anything over 24 Mbps to 100 Mbps. What sorts of speeds are we talking about with those who are now able to connect to the superfast? Are we talking about the lower end of it? Because that's what it sounds like—as if we're talking about the lower end of those speeds rather than the superfast, which is 100 Mbps.

[59]   **Mr Hunt:** So under the programme that we've been rolling out, funded by Welsh Government, we have an obligation to get to 90 per cent of a set number of premises at a minimum of 30 Mbps, and then a further 5 per cent at 24 Mbps. So the important metric is the number of premises we get to at 30 Mbps. They go through a very extensive, what we call, 'testing and verification process', where independent engineers come and assess our network, when we've delivered it. The average speed that they're reporting under Superfast Cymru is currently sat at 68 Mbps. So, we're overachieving against that minimum level within the contract. I should point out that, at the moment, in rural Wales we're rolling out a hell of a lot of fibre to the premises and that can currently achieve speeds of up to a 1 Gbps.

[60]   **David J. Rowlands:** Fine. One of the people who was talking on the video earlier on mentioned the fact that it seems that you are able to upgrade those who already have a certain amount of the superfast, but those without it are getting absolutely nothing at all. So, can you comment on that?

[61]   **Mr Hunt:** So, the intervention area was set in 2012, based upon, I believe—and correct me if I'm wrong Garry—anyone below 15 Mbps at that time on standard, what we call, ADSL broadband being eligible to come into the Superfast Cymru scheme intervention area. So, where we've got to at the beginning of 2017 is that we've focused on rolling out volume. So, it's true that some people who already had 10 Mbps have received a boost, and they're getting over 30 Mbps. Rolling out at volume was the right thing to do in 2012, and I still think it remains the right thing to do because it means that there have been benefits accruing since then to the maximum number of

premises that we were able to roll out to. But we haven't forgot the areas that had nothing to start with. So, we have upgraded parts of Wales with high-speed broadband under this contract. We'll give you one example: the Birches in Monmouthshire has no mains sewerage, no mains gas, no mobile phone signal and no terrestrial tv signal, and yet we've delivered ultrafast broadband to that particular community.

[62]   So, a lot of what we've got left this year is in the deeply rural parts of Wales; I accept that. But as I said in my previous answer, we're unwavering around the targets that we were set, and we will achieve those targets.

[63]   **Mr Miller:** If I can add to that there are, as you are probably aware, there are rules about how and where funding can be used under the European state aid requirements. And the designation of those areas where money can be used is set by the relevant Government—parts of the Welsh Government in this case, in conjunction with the state aid clearance in Broadband Delivery UK. They define the areas where we can intervene—as Ed said, areas below 15 Mbps in this case—and we have to give a significant uplift to those areas. There may well be areas that were less than 15 Mbps that we haven't got to yet, but that's largely dictated by this volume issue, as Ed said. We have a commitment to deliver a set volume of premises to you and to other contracts around the UK for a set price. So there is a tendency— the model tends to drive towards: how many premises can I do for the least amount of money? If there are areas where there are relatively few premises but they're relatively expensive to fix, that doesn't mean they can't be done, it just means they tend to come lower down the programme. Whether there are sufficient funds to reach everywhere is a matter of, you know, the contract and the amount of money—

[64]   **David J. Rowlands:** One of the other things that was brought out by the contributors to the video was the fact that they were being asked to pay for some of the hardware that's involved. So, the cabinets—they're talking about being asked to pay something like £20,000 or £30,000 toward the cabinets, in order to get access, say, for business parks or something like that.

[65]   **Mr Hunt:** So, probably a community fibre partnership. So, this project was never designed to go to 100 per cent of Wales. The Welsh Government's aim is 96 per cent of Wales this year, which means you're going to get 4 per cent that haven't got it. So, what are the options for the people who are in the last 4 per cent? Well, Welsh Government have announced that there's going to be an ITT later this year, so they could sit and wait and hope they're

part of that.

[66]   **Russell George:** What is it, ITT?

[67]   **Mr Hunt:** An invitation to tender. I'm calling it their phase 3, if you like, of intervention. So, they could sit and wait to see if they're going to be covered under that. You've got the Access Broadband Cymru scheme as an option for people—maybe they'd get satellite broadband or pool those vouchers—or those grants, I should say—together in order to get a community scheme. You've got the ultrafast scheme for businesses, or there are other alternatives. One of those alternatives, which BT offers, is what we call a community fibre partnership, where a community can get together and purchase the infrastructure from BT. So, we're not asking people to pay £20,000 for broadband—it's a kind of tool in the toolbox as to what are the options and what are the tools to enable people to get broadband, one of which is BT's offer, but there are other offers.

[68]   **Mr Miller:** Can I add to that? We're not asking end users to pay the complete cost. Essentially, we are giving the option for communities and businesses, if they wish to, to help to contribute to the costs in exactly the same way as the Welsh Government are. So, there is an amount that this broadband service—a level of investment that BT can make to make a commercial return. What the Welsh Government funding allows us to do is to go to areas where there isn't a commercial return—it covers that gap.

[69]   The community fibre partnership scheme is—. In areas where you're not going to be covered by that Government-funded scheme, there's an option for private individuals and businesses to essentially do the same thing: to cover the gap between what a normal commercial return would dictate and the service that they need. So, it's an alternative gap-funding model, if you like. Because it uses, generally, private money, the state-aid overall obligations are different, which means we can actually go to areas that perhaps are outside of those intervention areas, but areas we would not have gone to commercially. There is an option to assist with that commercial case and deploy infrastructure, which may involve a contribution.

[70]   **Russell George:** I'm conscious that we should make some progress as well. Last question, David Rowlands.

[71]   **David J. Rowlands:** Ed mentioned the fact that there are other providers, but we've heard from some of those other providers and they say,

basically, that it's very difficult to get access through the BT systems and that they very often have to pay too high a price for that. Would you like to comment on that? I'm talking about someone like Spectrum Internet, which told me last week that that's the situation.

[72]   **Mr Miller:** It may be a specific product. So, all of the broadband products that are used over the BT network are offered by Openreach on equivalent terms and standard prices throughout the UK. For example, the product Openreach typically sells to any service provider to offer broadband to their customers is about £6.90 a month at the wholesale price, and that's what they use to sell their retail service—that's the 40 Mbps superfast product. There are other products that providers can use to build their own network, for example. So, they can access BT's ducts and poles to put their own fibre in to build their own next-generation access network if they wish. There have been some concerns around the accessibility of that product and whether the systems are robust enough to make that work. One of the issues that we have is that there are relatively few customers on that—how much money do we put into systems? We've put a lot of work into that over the last year or so. Upgrades to that are launching the end of this month.

[73]   **Russell George:** Okay, next question—.

[74]   **Mr Miller:** That may be the product that Spectrum Internet are interested in.

[75]   **Russell George:** Sorry, I'm just conscious—

[76]   **Mr Miller:** Sorry.

[77]   **Russell George:** No, I'm grateful for your detailed answers, but I'm just conscious that we've got a few subject areas to go through. Adam Price.

[78]   **Adam Price:** I think that part of the frustration that people feel in badly-served areas is that you seem to be choosing the 4 per cent that are going to be left out. I've just checked just now, actually, and my constituency as of this morning has just 60.5 per cent coverage. We're not actually even the lowest—Ceredigion has got 56.4 per cent. You can imagine my constituents' frustration. As we heard in the video, this is an absolutely necessary utility. Particularly in rural areas, actually, connectivity is even more important, because that is the only means of your reaching the market. So, are we going to be left there? That's 40 per cent that aren't currently—.

That's about 1 per cent of Wales. Are we just going to be left there high and dry?

10:00

[79]   **Mr Hunt:** No. No, you're not. Referring back to the previous answer that I gave, and you think about how far we've come, Carmarthenshire—just taking Llanelli out of Carmarthenshire just for a second, if we can—had 0 per cent coverage when we first started this. Llanelli had some of our own investment in there, but the rural parts of Carmarthenshire had zero. And you're right, we're in the low sixties, I think, this morning, but there's a lot more that's going to come along this year. The same is true for Ceredigion, same is true for Powys, same is true for Pembrokeshire, and the same is true for Gwynedd, as well, which have the lower percentages of coverage. We're on the cusp of 90 per cent in Wales, and just to put that into context about, again, how far we've come, the mains gas network reaches approximately 80 per cent of Wales. So, whilst I completely appreciate the frustration of people who don't have access to broadband, the message is that we're still coming. We're always very happy to go out and meet constituents and talk to them about plans, and I extend that offer to everybody who's in here today. I know the Minister is also very keen on doing that as well. Yes, we have a major programme this year that's still to finish, particularly in rural parts of Wales. The good news is that the majority of that for Carmarthenshire is what we're calling ultrafast technology and fibre to the premises.

[80]   **Adam Price:** It's very useful to hear that commitment, and I think all Members for rural constituencies would greatly welcome your offer to come and meet with local people and local businesses, because I think part of the frustration, possibly as a result of the demarcation between BT and OpenReach, is that it's not as easy as it used to be to resolve the problems. I remember, when I was an MP 10 years ago, I could go and see the director of BT in Wales and actually go through individual cases. It's certainly nowhere near as easy to resolve constituent problems now as it was then.

[81]   **Mr Hunt:** So, my colleague Alwen Williams, director of Wales, is always open to seeing Assembly Members. We've got meetings that we've had with some people in this room in recent weeks and a couple to come. We're always very happy to come and see you, Adam. I hope it's not difficult to contact us. Geraint Strello is the main person to come to within BT within Alwen's team in order to deal with enquiries or complaints—Geraint's still around.

[82]   **Russell George:** But we're directed to go to the Welsh Government Minister, aren't we, for some issues.

[83]   **Mr Hunt:** Around Superfast Cymru, the preference is that you could go into the mailbox. So, whenever we get a query coming in, we do share it with Welsh Government so there's a record, so they know that, okay, Joe Bloggs has come to us asking about broadband, and sometimes Joe Bloggs also comes through another route, and there's just consistency in the way that we've given answers.

[84]   Can I just pick up the point on picking and choosing as well? I'll go back, again: the whole point of this programme was about volume of premises—volume of premises for the lowest possible cost. And we were given complete freedom when the contract was negotiated to just get the volume out there in Wales. So, you've got places like Blaenau Gwent, Rhondda Cynon Taf, that are all on over 95 per cent coverage today, and then you've got Carmarthenshire, parts of Powys, Ceredigion and so on sitting on lower levels. Now, those levels will rise and you might find that, whilst Blaenau Gwent is on 98 per cent coverage, you may settle in one or two areas on 89 per cent coverage, let's say. But we would have achieved the volumes that we set out to in the contract. BT know the job isn't complete, Welsh Government know the job isn't complete, and the UK Government know the job isn't complete, which is why there are phase 3s going on around the country as we speak.

[85]   **Mr Miller:** It's generally economics that decides where we're going to go. The more sparse the population, typically the more per premises it costs to get our service to it. So, whilst we have some flexibility in the model, as Ed said, we have a commitment—a contractual commitment—to deliver a set volume of premises, with various milestones through that for a set amount of money. So it's economics that tends to drive where we go to and, as we're getting deeper into the programme, the premises we're now delivering are costing more and more per premises, but we can flex that around. Unfortunately, when there is insufficient money to go to everywhere, someone has to be towards the back end of that programme. No-one wants to be there. I absolutely understand that and share that frustration. I was quite late in the programme as well. I don't live in Wales, but there are other parts of the country that are late as well. We would love to go to everywhere, but it's an economic decision as much as anything.

[86]   **Russell George**: Right. I'm just conscious we're running a little bit behind time. We've got a number of subject areas, so if Members can stick to the subject areas. I'm just saying that because we're still on the introduction, so don't slip into areas that we're covering later on. So far I've got Mark, Jeremy and Hefin indicating. I'll come to Hefin first, but if you could just ask brief questions and a specific answer. Thank you.

[87]   **Hefin David:** Why are business parks such a problem?

[88]   **Mr Hunt:** I don't know that business parks are such a problem—

[89]   **Hefin David:** Ofcom said business parks are a problem that needs to be addressed, when they gave evidence.

[90]   **Mr Miller:** Can I pick up some of that?

[91]   **Mr Hunt:** Yes. Go on.

[92]   **Mr Miller:** If I do a general thing you can put—. Sorry, I should probably preface my response: my specific knowledge of the things going on in Wales is somewhat limited, and Ed is probably much better for that. Generally, on this point, Ofcom have highlighted in previous reports back in 2014 and 2015 and to you—

[93]   **Hefin David:** Yes, in evidence to this committee.

[94]   **Mr Miller:** —that business parks have not got the same level of coverage as the general population. There are a number of factors for that. Again, going back to our previous answer, economics drives that. Business parks, particularly rural business parks, tend to be a small number of customers on, potentially, multiple cabinets. So, the number of customers per amount of infrastructure we have to build, so the cost per premises, can be more expensive, so they tend to come lower down that economic group. There was an option in the contracts for local authorities and devolved Governments, such as the Welsh Government, to specify priority areas that they wanted to be done. I'm not sure how much of that was done in Wales— forgive me—but that was an option. Generally, that wasn't taken up, because it was about getting volume for a fixed cost.

[95]   We are absolutely looking at business parks, and the latest Ofcom report issued in December, from data in June, shows that coverage of

businesses and business parks has gone up substantially. It's still below the general population, but it has increased significantly and we continue to do that. We also have a number of programmes targeted at business parks, using, for example, fibre to the premises, that we're trialling at the moment, and we're looking to target business parks with those services going forward. We absolutely get that these services are incredibly useful for businesses. The problem is, at the moment, the main roll-out is being driven by economics and business parks, particularly rural business parks, tend to be more expensive to cover than areas with a typical cabinet with 300, 400 or 500 customers on the end of it.

[96]   **Mr Hunt:** And then bringing that locally to Wales, there's been a separate contract that was let by Welsh Government to cover business parks across north Wales and south Wales. That was let to a company called Airband, and was never in the responsibility of BT to deliver. Where we have had business parks and enterprise owners in the Superfast Cymru contract, I'm not aware of any significant gaps. We've done a lot of work in places like in the Pembrokeshire enterprise zone, Anglesey—

[97]   **Hefin David:** That wasn't the evidence that we've just seen from Penallta business park, which is in my constituency. Andrew Walker was on the video and he said, 'Well, if we want to send an email, we've got to leave the park'. There are quite a few big businesses on this park, and I just can't understand why there still isn't connectivity there.

[98]   **Mr Hunt:** So, I'd be happy to take that away, and I do know that we haven't finished work in your constituency yet, Hefin. I'd be very happy to leave you my card, and we can take a look at that particular instance. I know we haven't finished in Caerphilly just yet, so, hopefully, it's just the case that it's coming along.

[99]   **Hefin David:** And you said that there was a separate contract for business parks that the Welsh Government is negotiating.

[100] **Mr Hunt:** Yes. So, again, you know, we're happy to look at any particular instances. Welsh Government, I know, are on next and can give you a bit more detail about the progress of that particular programme, because I'm not sighted on it.

[101] **Hefin David:** It's not to do with BT. Okay.

[102] **Russell George:** Okay. And if you could, perhaps, outside the meeting, update me on the Mochdre industrial park in my constituency, which is also suffering from a bad connection as well. Mark Isherwood.

[103] **Mark Isherwood:** Andrew Walker owns a caravan park in Flintshire, but he does have problems, as mentioned, with BT on his site, along with other owners, on quite a regular basis. My question was—reference was made to Spectrum. They actually told us it was so expensive to access your networks that they overbuilt it, which seems nonsensical. How can we address that? And you referred to north Wales—it was the FibreSpeed network. Your programme has been extended to accommodate connectivity after state-aid rules were addressed over those business parks along the north Wales coast. Will you have to overbuild that or will you be able to access the network that's in place?

[104] **Mr Hunt:** I think there are two parts to that question. I don't know what Spectrum's business model is, and I couldn't speculate on what that business model is. I know they do build their own network, it's true, but I would say that there are about 400 other service providers across the UK that use our networks, so I don't recognise—. And those prices are regulated by Ofcom.

[105] **Mr Miller:** I can cover some of that. So, the product we offer to allow other operators to use BT networks is called PIA, passive infrastructure access, which essentially allows other operators to put their fibres in Openreach ducts in the ground. There are various restrictions under state aid rules and also our own planning rules about the size—typically, they have to be 4 inches—they're buried deep in the ground for various utility reasons. There are other, cheaper ways to deploy fibre. A number of operators use narrow trenches—again, I don't know how Spectrum do it—but it may be more cost-effective in some cases to use slot trench fibre. But the products that we sell are regulated by Ofcom. The prices are set and agreed with Ofcom, and they ask to seek to recover the cost of those products, as agreed with Ofcom. So, our PIA our product that we sell to anyone who wishes to put their fibre in our network is regulated by Ofcom, and it seeks to recover the costs of that project. But that is to put their fibre in deep-buried duct infrastructure, built to standards that will allow multiple players to operate in it, in accordance with state aid rules. There are cheaper ways to deploy it, and other operators such as Spectrum, I know, are using those cheaper methods. That is entirely their decision. It's up to them to decide the best

approach from a commercial point. But absolutely, that PIA product is available at regulated prices. If the prices are too high, that's probably an issue for Ofcom to address.

[106] **Mr Hunt:** You also asked the question about fibre speed. I wonder if you could articulate it again, please, Mark. I didn't quite catch it.

[107] **Russell George:** Can I just say: a really brief question, a really brief answer, because we're slipping behind time. Mark.

[108] **Mark Isherwood:** The Minister extended the Superfast programme in large part because of the need to include extra premises, particularly business and industrial parks, including those being covered by the FibreSpeed network in north Wales. After the provider wrote to the Welsh Government confirming that they would no longer be making that provision—I won't go into the background of that—I'm just wondering, given that that FibreSpeed network is in place, will you have to overbuild, or will you be able to use the technology that's in place?

[109] **Mr Hunt:** Some of those business parks are covered by the Airband contract, so they're not in BT's scope to—they're not in our plan to overbuild, if you like. The FibreSpeed network, as I understand it, is mainly offering business-grade connectivity, lease line connectivity, which is out of the scope of what we're trying to achieve, which is the lower-end, affordable, consumer, small business-type broadband, where you've got a rental of, let's say, £30 a month kind of area, as opposed to the several hundred pounds a month, where you need guaranteed speed, guaranteed reliability, service levels and so on, which I believe is what FibreSpeed are offering those business parks.

[110] **Russell George:** Before we move on to the next subject area, or, for that matter, our first subject area, can I ask two specific questions to follow up on David Rowlands's questions? Can I check, to clarify, are you content that you will meet your contractual obligations with Welsh Government?

[111] **Mr Hunt:** Yes.

[112] **Russell George:** And do you think that you're doing a good job with the roll-out?

[113] **Mr Hunt:** Yes.

[114] **Russell George:** Great, thank you. Hannah Blythyn—questions around communications for the Superfast project.

[115] **Hannah Blythyn:** Thanks, Chair. You probably picked up from the evidence we've taken in this inquiry previously, and perhaps from the letters and e-mails you get from Assembly Members, including many of us around this table, that a lot of the public concern around it is communication, and as Andrew Walker said in that film, there's a massive gap between what people are told they're getting and what's actually delivered in the end. So, do you acknowledge there might have been issues around communication and what are you doing to resolve that if so?

10:15

[116] **Mr Hunt:** I understand the frustration that customers and constituents have expressed when, for example, we have changed dates. So, we've said we're coming to somewhere, say the end of December, and then we've moved that date. I understand that frustration. If you put it into context: that the Welsh Government would recognise 620,000 Superfast premises being delivered so far under the programme, and only a fraction of those have caused complaints—and as elected Members, probably what you don't get in your postbags are people saying, 'Great news: I've got it', and communicating to you in their droves on that—the contract that we have doesn't specify or obligate us to go to particular places at particular times. If we took that approach—if we took a kind of micro-geographical approach—it would slow us down, and that was never the intent of the contract. There are lots of very good reasons why we might have to change dates, and it could be something simple, like we need to get a road closure, and we have to provide notice to the council for that road closure, for a reason that we weren't initially aware that we needed one for—we might have blocked ducts. Over the course of this contract, we've come across all sorts of reasons, which have included newts, Japanese knotweed and twelfth-century sewers as well that have slowed us down. So, there are a lot of variables.

[117] We're going into some incredibly rural places at the moment, and the challenge of getting the fibre into those places, where they don't have mains gas, where they don't have mains sewage and so on, is just very large, and the variables can upset the intent that we might have had getting something in by December but we weren't able to.

[118] So, in terms of what we've done—and I must say the Minister has been very keen on wanting to see some improvements that we've brought in only for Wales—is we've improved the website, over the last nine months or so, in two ways. We've provided, around about springtime last year, a journey that says if you put your telephone number or address into the website, approximately where you are in the build cycle—there are eight different parts of the build cycle—it will tell you where you are, and approximately how much longer you'll need to wait. We didn't have that for fibre to the premises, and at the Minister's specific request, we brought that in for Wales. It doesn't appear anywhere else in the UK, and that was brought in in the autumn of last year, which I think has been a great improvement and we've certainly seen a reduction in the amount of communication we have.

[119] **Hannah Blythyn:** You mentioned in your response then about things that can pop up, like needing to get road closures, perhaps access to land and things like that, do you think there are ways that you and public bodies could better work together with different organisations to actually tackle this slippage?

[120] **Mr Hunt:** I don't think, in the four or five years this has been running, that we can complain about any co-operation that we haven't had from any public body whatsoever. I think all the local authorities in Wales and the highways authorities have bent over backwards for us. We've found ways around problems. So, for example, where there have been embargoes in Ceredigion during the summer—clearly we can't close roads on a Saturday afternoon when everyone's trying to go to the beach, but they have allowed us, for example, to work overnight when fewer people are going to the beach. So, I think I need to express the credit and the gratitude to public bodies. We probably will be coming along—as we're trying to finish now, this year—to elected Members, where we might have a private wayleave that we can't get over, to ask for help, or ask the Minister for help. The Welsh Government have been incredibly helpful with land access issues thus far. And, yes, I might be knocking on your doors over the coming months asking for help.

[121] **Mr Miller:** On that point, there is an issue—there is a general consultation out from the Department for Culture, Media and Sport at the moment on how to improve fibre investment. One of the specific questions in there is, 'Is there more that governments at all levels can do to assist?' I would echo Ed's point and the fact that, generally, we've seen a lot of support and help from governments and agencies around the UK in getting

the civil infrastructure out there, because it is a major civil infrastructure project we're building here. But I think there are other areas that can be improved. Timescales for closing roads and traffic—trivial though they might appear, they do actually cause delays. Access to power and the power companies delivering on time: they hit the same infrastructure issues as we do. So, there are various things where we think we can improve the way we work with other utilities and governments, and we'll be sending some of those comments back. But we have seen significant improvements over the course of this programme in terms of access to power et cetera, but there is more that could be done, yes. And that applies to anyone seeking to put infrastructure in the ground, not just us but people like Spectrum and others. I think there is some work being done by the Broadband Stakeholder Group, as a national industry body, looking at what the industry could do, with government, to improve that whole civil infrastructure deployment process going forward.

[122] **Russell George:** Jeremy Miles.

[123] **Jeremy Miles:** Thank you, Chair. What you're describing are the sort of variables that any large-scale project is going to have to take into account, obviously. The issue is that there's a danger of looking at it as a communications problem solely, when it's more significant than that, I would suggest. I've got a business in a semi-rural part of my constituency that employs lots of local people, which is exactly what we want to have as an economic objective. They've had the devil's own job of getting a date from BT as to when it'll be delivered, and a number of missed deadlines. One can describe that as a communications problem, but from a business point of view, that expectation management is actually critical. Isn't the truth of it that, actually, you've been very much too optimistic, really, in terms of the time frames you can deliver some of these things to? Wouldn't it have been better to have been less optimistic, and given people a longer time frame so they could make other choices, perhaps?

[124] **Mr Hunt:** I guess you're damned if you do and you're damned if you don't. It's a good point. We've given people the best information that we've had available to us at the time, the best predictions we've had from our engineers at any—. You know, look how far we've come that we've done 620,000 premises out of 690,000, and we've still got the rest of this year to finish that off. So, obviously, we've done a lot of stuff that's right. Expectation management is really important, and it's true, we've not been able to hit the dates that we thought we would. But I would reiterate that

we've had macro targets that we've been hitting all along the way. This is about delivering the maximum benefit for Wales as we've gone along, and whilst irritating at a micro level, at a macro level we've been doing what we need to do to remain on track to finish the project.

[125] **Jeremy Miles:** So, would you, looking back at it, take the view that you should have built in more time to allow for variables?

[126] **Mr Miller:** The problem we've had is in predicting at a local level. We've generally—. Our models and our business case works on how we get x hundred thousand premises across a particular area. We don't know what we're going to hit until we lift up manhole covers and try and put something in the ground, but we can make lots of assumptions and we have done that. Generally, at that macro level, as Ed said, we've hit those targets. The problem is, if we're asked to identify this particular location and this particular area, can we commit to that?

[127] **Jeremy Miles:** Clearly you can't commit to that.

[128] **Mr Miller:** We can't—

[129] **Jeremy Miles:** The point I'm making is: ought you have assumed more things might go wrong than you did?

[130] **Mr Miller:** It's difficult—. If we assumed that for every single location where it could possibly go wrong, the whole project goes out and then we can't hit the requirements. So, we can deliver at that macro scale. If we're asked to say, 'Can I guarantee that particular premises at particular postcodes will get it at this particular date'—that is beyond the level of information we've got. Our expectation management is something we've been conscious of throughout this programme, where we've tried to feed information out at different levels of detail, and not commit to individual premises until we get quite close to that programme. That's what the website is trying to do. The problem is, as soon as you put any information out there, it tends to raise expectations, and if we can't deliver on that, it can be problematic.

[131] **Mr Hunt:** Could I just add one more point to that? This was always an extremely challenging project, even back in 2012. We understood the extent of what we needed to do, and it stretched even our capabilities of rolling out fibre to these rural areas. But I think we're doing a good job, and we're going

to finish off. I think if there's a learning point, one of the areas where people have said, 'If I'm not in scope, I'd love to have known earlier'—. Because the contract has allowed us the freedom to, as Adam said, pick and choose, and that was put in for good reason back in 2012. So, maybe if there's a learning point, and a 'This is what happens in England', you have a defined no build. So, when you go to contract—'I will cover these premises, I will not cover these premises'. Now, you have to allow some flexibility, if, for some good reason, you can't get to a particular—. But it gives more certainty from day one that you're able to go somewhere, or you have an intent to go somewhere, or you don't intend to go somewhere, and other arrangements can be brought into play, like, for example, an enhanced grant scheme or something like that.

[132] **Russell George:** On communications, I'm still getting correspondence saying, 'Well, yes, you're in scope but we haven't yet got a specific date we can give you about when you're going to be serviced'. But the project's finishing in June, so can you just explain, because it does seem it's a strange answer when the end date is so imminent?

[133] **Mr Hunt:** I'll give you one example. We've rolled out a lot of our fibre-to-the-cabinet technology. In somewhere like Ceredigion, that is sitting at around about 60 per cent coverage, and yet the coverage that that cabinet touches is actually closer to 80 per cent, but they're not getting the speeds that were defined under the contract, 30 Mbps. So, the difference between the two is something that we're fixing at the moment. We've been around Wales once and we're having a second pass now in order to pick up the premises that weren't able to benefit the second time around. So, if you think about it, we've got a cabinet here, the premises are too far away from it, so we need to build another cabinet closer. So, we've just done a huge amount of modelling work in order to define and deploy that quickly.

[134] **Russell George:** But can you say to that query, 'Well, you're in scope and, therefore, the project will be delivered somewhere between 24 January and June'?

[135] **Mr Hunt:** Yes, I guess that's a way that we could answer that question. I just want to point out one thing: the contract allows BT to complete at the end of December 2017, but that's like a mopping-up phase, as opposed to us putting hundreds of thousands of brand new premises into build at that point. So, I think that we will be using a period of those six months in order to continue and complete the build, but we're looking to get as much of it

complete by June as we possibly can.

[136] **Russell George:** This is quite important, because the project's finishing in June, and that's when the contractual obligations are to be met by, and then there's a drop-dead date at the end of the year. So, you've got six months to mop up, but you're saying that, effectively, some of these dates that, potentially, should be met by June will now be met by the end of the year. Is that right?

[137] **Mr Hunt:** We still have some land access issues. We've got about 9,000 or 10,000 active land access issues at the moment that we're working through. Those are what's known as relief events under the contract. So, we need time to finish those off, so they may well stretch through into the summer.

[138] **Russell George:** So, you're not going to meet the 1 June deadline for those specific areas concerned.

[139] **Mr Hunt:** Well, there isn't a 1 June deadline, anyway. There is a measure taken on 30 June, but we are allowed, under the contract, six months mopping-up time.

[140] **Russell George:** Okay. That's fine. My last—sorry, did you have further comments?

[141] **Mr Hunt:** Just to say that 693,000 premises—. Our network actually touches around about 700,000 at the moment, so in the extent to which we've built out, we've kind of surpassed it, and now, what we need to do is up the speeds in the areas that haven't yet achieved it, to get us from 620,000 to above 693,000. So, that's what we're focusing on. So, the network is out there. We're touching a hell of a lot of premises, but there's more work to do.

[142] **Russell George:** I'm just trying to—. Explain to me, in order that I can explain to my constituents, when the deadline is for completion of the project. Is it 30 June or is it the end of the year? Because I've got to explain that, somehow, to my constituents—the difference between those two dates.

[143] **Mr Hunt:** So, the contractual obligation that we've got, at which point there's a point of no return, is 31 December. There's a measure taken at 30 June: 'Have you achieved the target of 30 June? If you haven't, what are the

reasons why? Are there relief events and so on?' But there's a drop-dead on 30 December, and then, after that point, theoretically, anything built after that time, we wouldn't get paid for. We need to be making sure that we've covered ourselves, covered our obligations, by 31 December. But as much as possible is going to get done by 30 June. As I've just said, our network is touching in excess of the number of properties that we have to hit; we just need to up the speed now.

[144] **Russell George:** So, in my mind, I'm thinking 31 December for the end of the project. I think that's the best way to help me to understand this. Vikki Howells.

10:30

[145] **Vikki Howells**: Thank you, Chair. I'd like to place my thanks, first of all, on record to Mr Hunt for meeting with me to discuss broadband issues in Penderyn, Coed Dyffryn and also at Llwydcoed in my own constituency. I will certainly be keeping in touch with you, Mr Hunt, to ensure that BT Openreach delivers for my constituents in those areas.

[146] I'd like to ask you about BT's involvement in the Welsh Government's other broadband intervention schemes. If I can start first of all with the Access Broadband Cymru scheme, I understand you've been discussing informally with Welsh Government about your possible future involvement within that scheme. I wonder if you can enlighten the committee about the content of these discussions.

[147] **Mr Hunt:** So, the Access Broadband Cymru scheme in various guises has been going on for many years—in fact, pre the contract. It's the most generous of its kind in the UK, and innovative at the time. It's starting to be emulated. So, there were voucher schemes in Devon and Somerset, and the Department for Culture, Media and Sport through Broadband Delivery UK, BDUK, have also now got their own voucher scheme. So, I think Wales was the first.

[148] The way in which that scheme operates has some quite rigid requirements. The way in which we build our infrastructure doesn't quite meet the requirements in order for us to fully participate. So, I've been having talks with the Welsh Government, because we're really keen to be part of it, and support people in the last 5 per cent, and we've been finding where the differences are, and so we're currently talking about whether we would

30

be able to conduct a trial. But I put in my evidence back in December, and in order for us to fully participate, it would require Welsh Government to make some policy changes, if you like, to the way that scheme runs, which is quite a big ask. Other providers are able to work with it quite comfortably—other providers like Spectrum, for example. So, I'm trying to find a way that we can make it work and participate. One difference, for example, is that when a grant is awarded to an individual, it has to be spent within three months. Our bill cycle for, let's say, a fibre cabinet is longer than that. So, we don't want to leave the end user out of pocket or BT out of pocket. We just need to find a way through that. So I'm discussing with the Welsh Government how we could even perhaps run a pilot and participate.

[149] **Vikki Howells:** Thank you. With regard to the ultrafast connectivity voucher scheme as well, I understand you've been participating in a trial of that. What's your assessment of this scheme to date?

[150] **Mr Hunt:** So, again the scheme is innovative and the first of its kind in the UK. I've been hearing that Herefordshire, Shropshire, Worcestershire and Gloucestershire are thinking of adopting similar schemes, so I guess Welsh Government have been the leaders as far as the UK's concerned. It's very generous. We're very keen to take part, but again there's been some more subtle, I would say, differences between the way we operate our ultrafast business connectivity product and Welsh Government. We're much closer than we are on the Access Broadband Cymru scheme. So, we've trialled a semi-rural location where a customer wanted a service. That's coming to the end of the build now, and we just need to compare notes with Welsh Government and if they're happy with the way in which we've been able to, for example, show the audit trail of what we've done, and where the money has been spent, then we will fully participate—my colleagues in our business sector will be fully participating in that scheme. But I think it's a great scheme, innovative, and we'd love to be able to exploit that more.

[151] **Vikki Howells:** Thank you.

[152] **Russell George:** Mark Isherwood.

[153] **Mark Isherwood:** In the presentation, we heard reference to Andrew Walker from Tree Tops caravan park in Gwespyr, Flintshire. I've facilitated meetings there with BT Openreach and British Holiday and Home Parks Association members from the region, and I actually commend them— they've been very helpful in sharing information and making them aware of

the options, including the voucher scheme. But, when they tried to access it, as Mr Walker said on the film, they could only find a provider in England. They went to BT Local first, who said they couldn't do anything, and they keep getting phone calls from BT Local trying to flog fibre, and they now understand that BT Local is in fact a franchise operation. I wonder if you could clarify and explain why BT Local appear to be unable to support businesses in taking forward the ultrafast voucher scheme.

[154] **Mr Hunt:** Just for the reasons I've just said. We've been running a very limited trial. The one thing that we don't want to do with the voucher scheme is say to the customer, 'Use this Welsh Government grant scheme', but actually we can't show to Welsh Government that we meet exactly the terms that they set out in order to reimburse the customer. So, this is the point of the trial that we've been running in north-west Wales, and I'm very hopeful. I know that our BT business team are very keen on taking part in that scheme fully. And once we've got to the end of the pilot, I'm very hopeful that we're going to be fully participating in it.

[155] **Russell George:** I'm grateful. Jeremy Miles.

[156] **Jeremy Miles:** Thank you, Chair. In relation to the next contract and the types of technology that might be required to deliver the closing of the gap, if you like, you mentioned in your note that we should be taking fixed fibre as far as possible before looking at other technologies, and I think you've also said that you don't have any fixed wireless technology, because you don't regard that as sustainable. Can you just expand on the reasons for both those statements?

[157] **Mr Miller:** Our general strategy is to take fibre absolutely as far as possible and then put wireless at the edge. That could be Wi-Fi in people's homes, it could be 5G and 4G, going forward, particularly with our partnership with EE. When it comes to superfast services, particularly where we're taking up public funding, there are various rules under EU definitions that define what a superfast service is. There are problems with hitting those rules with a wireless service. That's not to say it can't be done, but you need an awful lot of spectrum or a very small number of customers—

[158] **Jeremy Miles:** To close the last bit of distance, effectively.

[159] **Mr Miller:** Yes. Essentially, that wireless link is shared between all customers who will be in that radio arc. So, there'S so much capacity—

typically, from a 4G site, about 50 Mbps to 100 Mbps available from a particular cell area. So, for next generation access purposes, that's probably three to four customers using it at the same time. One of the requirements of superfast funding, for example, from the EU, is that you must be able to support 90 per cent of the customers in a served area at the same time at 20 Mbps, which puts some stresses on a radio solution. That's not to say it can't be done, but it needs some very careful planning and access to an awful lot of spectrum in that area. Typically, that's not something we have access to, and it's generally more cost-effective for us to do a fixed solution. Because the other issue with wireless solutions is: what we're seeing increasingly from customers is they don't just want superfast speeds, they want unlimited download as well. They want to be able to download hundreds of gigabytes per month of data. And again, that puts significant cost challenges on a radio-based solution. It's much easier to manage that ongoing usage cost on a fixed solution. So we do use wireless for backhaul purposes from cabinets, for example, but we typically don't use it for a superfast solution in rural areas. We are using it, obviously, for mobile, but that is not a defined speed during the busy period and with unlimited download. So it's largely economics, but it's also that the spectrum is not well suited to be shared amongst a lot of users all using it at the same time.

[160] **Jeremy Miles**: So, what you've described is a particular challenge in rural areas, effectively, although I presume you're not—

[161] **Mr Miller**: It's a challenge where you've got a lot of people trying to use the same spectrum at the same time, which could be rural areas or it could be—. It means you have to be very careful about how you allocate your spectrum. It's also difficult if you have users who are in the same line of sight and the one closest to it takes all the spectrum and the one behind them can't—. So there are particular challenges with radio that make hitting the state aid obligations for guaranteed speed, guaranteed throughput during busy hours and unlimited requirements difficult to manage—not impossible, but difficult to manage.

[162] **Jeremy Miles**: So, you're trying to use a mix of fibre and copper, then, effectively.

[163] **Mr Miller**: Yes.

[164] **Jeremy Miles**: Although sometimes you have to use—

[165] **Mr Miller:** So, when I say fibre as far as possible and wireless at the edge, that fibre as far as possible means that we will use some copper to get us to that Wi-Fi link in someone's home, for example, because it's more cost-effective.

[166] **Jeremy Miles:** Right, okay. But all of that degrades the speed, effectively. All of those—necessarily, really—

[167] **Mr Miller:** Well, potentially, although as I said we are running much faster speeds over copper all the time. So, we've got fast solutions running at 300 Mbps, which we're rolling out now to 140,000 premises this year. And we've got, in the labs, running at 5 Gbps over copper, all below the short distances. With copper, you have to be careful how long, for instance— pushing that fibre further out means we can keep those copper distances ever shorter.

[168] **Mr Hunt:** We were talking about Adam's constituency earlier on, where it's quite rural, and even with some of the technologies that Garry mentioned, using the existing copper won't be able to deliver you the minimum speed of 30 Mbps, which is why we have quite an extensive fibre-to-the-premises programme running at the moment in rural Wales.

[169] **Jeremy Miles:** What about satellite broadband? Is that an option?

[170] **Mr Miller:** Yes, but satellite is almost like—. What I described about radio, imagine that but with one big mobile mast 26,000 miles up serving the whole of the UK. So, typically, you've got—. More capacity has come on board recently, but the total satellite broadband capacity pointed at the UK is a few cabinets' worth in total. I don't want to put a number on that because I'm not totally up to speed on how much that—

[171] **Jeremy Miles:** But it's negligible, really.

[172] **Mr Miller:** But it's really good for getting connectivity to people who haven't got a cost-effective solution anywhere else, but if you put lots and lots of customers on it—more than, say, 1 per cent of the UK—you are going to struggle. And there are limitations in the BT UK contract—I'm not totally sure on the Welsh contract—on how much satellite we could use, for example, to meet the 2Mb commitments we have.

[173] **Jeremy Miles:** So, the contract would stop you from using it effectively,

or is—

[174] **Mr Miller:** You're really only allowed it for the 2Mb, and satellite isn't an allowable technology under EU state aid rules for superfast.

[175] **Jeremy Miles:** Oh, right, okay.

[176] **Mr Miller:** So, there are limitations, because of those spectrum issues.

[177] **Mr Hunt:** So, I think we see it as the technology you would use—. Take a look at Sweden. Sweden's got an ambition to get some 98 per cent fibre coverage, and then the last 2 per cent being covered with satellite.

[178] **Mr Miller:** It's really good for that last 0.5 per cent or so.

[179] **Jeremy Miles:** But we looked—. Lorraine Miles from Tonmawr was talking about that kind of isolation, so, if you're in that last 1 per cent or 0.5 per cent, you're basically always going to get a pretty—necessarily, you might say—but a pretty poor service.

[180] **Mr Miller:** There is nothing technologically that says you couldn't have a superfast service wherever you are in the UK. We could run FTTP anywhere in the UK. Whether we can do that economically is a different issue. The latest Ofcom report on USO that they sent to Government talks of premises—individual premises—which could cost well over £45,000, £50,000 per premises. That's clearly not a commercially viable product. Whether Governments wish to spend that amount of money on an individual premises is not our call. We suspect it's unlikely, but—.

[181] **Mr Hunt:** And I'm sure, if you had the satellite providers in here, they'd be telling you they've got lots of happy customers. It's a viable technology—

[182] **Mr Miller:** Satellite services absolutely can deliver 30 Mbps, just not to lots of people at the same time, and they typically come with a download limit as well. For most satellite services, 10 Gb per month is the normal rate for about a £20 to £30 per month price point. You can get more, but you have to pay a lot more.

[183] **Jeremy Miles:** Yes, but great for your Netflix.

[184] **Russell George:** Adam Price.

[185] **Adam Price:** I read that you have plans to roll out ultrafast broadband, primarily using your G.fast technology, for 2 million homes by 2020.

[186] **Mr Miller:** Ten million by 2020 using G.fast, yes.

[187] **Adam Price:** Okay, 10 million. What proportion do you aim to achieve in Wales?

[188] **Mr Hunt:** That's not been announced yet, I'm afraid, Adam. There is a trial in Swansea that's been running for around about the past year that is going to expand.

[189] **Mr Miller:** We announced last week, or the week before, that we're expanding that to 140,000 premises this year as part of that trial. The key thing about that G.fast technology is that it reuses that existing infrastructure we've already put out there, so, the fibre and the power we've put out to cabinets in Wales and all across the UK—some 80,000 cabinets now. We've essentially put more modern, updated and much more sophisticated electronics in that same cabinet. It's the same power that we've already put in there. The fibre we've put in there is to back all this traffic, but we can run speeds of 300 Mbps plus over those copper links.

[190] What will dictate where it goes, again, is economics. It is more constrained in terms of distance than VDSLs. Customers need to be that bit closer to the cabinets, and we have to look at what's the willingness of people to buy this product.

10:45

[191] If they've already got a superfast product delivering average speeds of 60 Mbps, how many people will be prepared to pay for a 330 Mbps product? It's probably businesses, we think, or high-volume users. And we're currently doing the work to see where it is most cost-effective for us to deploy that technology. And that's why we're trying this across the UK, including in Wales. But we haven't decided yet as to where those 10 million premises will actually be deployed.

[192] **Adam Price:** What do you say to competitor companies, like Vodafone for example, that have said that G.fast actually is a reflection of your corporate interest really, in trying to repurpose essentially what is the

technology of the past, combining fibre and copper, which really isn't the right decision in futureproofing our infrastructure? And why is it that fibre to the premises in the UK is still at such a low proportion overall, compared to the OECD—it's 2 per cent in the UK, or a very low level—at 25 per cent? That's the average in the OECD; you can look at some of the real leaders. So, are we simply making the wrong technology choice, because, of course, you own the copper network and it's in your own interest and you can make super-monopoly profits off the back of it?

[193] **Mr Miller:** There are lots of reasons why different technology is used in different areas. Effectively, everywhere in the world is using what we call a mixed economy approach. They're using a mixture of fibre to the premises, fibre to the basement of tower block, fibre to the cabinet, and now, increasingly, G.fast. What varies, as you correctly point out, is that absolute mix—how much FTTP versus how much satellite, FTTC et cetera. There are two big variables on that mix. How much Government money is available? So, in Australia, for example, the Australian Government said, 'We're going FTTP'—AU$30 billion. Part way through the programme, they changed their mind and actually rolled back and are now doing a much more FTTC and G.fast solution.

[194] The other key variable is population mix. So, Spain and Portugal are often quoted as high FTTP countries. Sixty per cent of Spaniards live in tower blocks and NBUs; 60 per cent of Spaniards get FTTP. It is much easier to get fibre into a tower block than it is into a rural community, or lots of semi-detached houses strung along a road. So, those are absolutely key drivers of the technology.

[195] The other thing about fibre—and please don't get me wrong—as a company, we've put an awful lot of money and research into fibre over many, many years. We are absolutely committed to fibre as the way forward, but economics is a key driver. The other thing is speed of access. We have delivered 26 million premises across the UK in the last five or six years with superfast services. If we'd done FTTP from day one, we would be nowhere near that limit. So, what these mixed economy solution, these hybrid solutions, deliver is very good speed to lots of people very quickly—26 million premises in about five or six years. If we'd done FTTP, there is work out there from analysis [*Inaudible.*] and others, that shows that the UK would be more like 20 per cent to 30 per cent coverage, not the 90 per cent we are today.

[196] **Mr Hunt:** I presented in my written evidence some research that had been conducted on fibre to the premises, and, where you do have countries like, again, Spain and Portugal, with lots of full fibre, they're not actually getting speeds that are quicker than ours. And Japan only gets average speeds that are slightly quicker than ours. So, there's not a direct correlation between speed and full fibre. Just picking up on something that Garry said about the commitment to full fibre, where there's a new housing development now of over 30 premises, we will work with the developer and we will provide a fibre-to-the-premises solution for them from day one. If it's smaller than 30 premises, we'll work with them and we might ask them to make a contribution towards the capital cost of installing that fibre. So, we're completely committed to fibre. And I guess the other thing I'd say about Vodafone is that they're welcome to build their own fibre-to-the-premises network, and they could even use our infrastructure to do so.

[197] **Mr Miller:** And on that point, Vodafone have built fibre networks in Spain and Portugal for example, but what is generally not well known is that there is no alternative to that. The only way you can compete with Telefónica in Spain and Portugal Telecom in Portugal, is by building your own fibre network. There is no wholesale product available through other operators as Openreach offers. Our fibre generic ethernet access product that we offer to 500 plus communication providers in the UK and is used by all the major providers—Sky, TalkTalk et cetera—is just not available in Spain and Portugal. There are regulation decisions in Spain that are requiring Telefónica to offer it, but, as yet, it's not available. So, if you wish to compete, you have to put your own fibre in.

[198] **Russell George:** Okay, we will be digging into our time with the Minister. Can I just ask a very, very brief question? Like Adam, I've been doing some reading as well and I've been reading about a long-reach VDSL technology. I've no idea what that means, but they're testing that out in north Tolsta on the Isle of Lewis—BT is doing this—and this is to help those particularly connected with long lines that are some way from the nearest green cabinet. We haven't got time for a long, technical answer, but is this something that you can help us with in rural Wales?

[199] **Mr Miller:** Yes. It's something that we've been talking to the Government about, particularly around the Westminster Government's plans for a universal service at 10 Mbps. So, it's a variation on our fibre-to-the-cabinet service, which means that, for those very long lines—the ones that don't get the 24 Mbps or 30 Mbps for NGA—we can use a slightly different

part of the radio spectrum and clever physics to essentially detune the speed a little bit, but push the distance much further. So, rather than running at 3km or 4km, we can run for 8km or 10km and speeds of 10 Mbps to 40 Mbps. So, it depends a bit on what you want. If you want a 40 Mbps to 80 Mbps product, it's not so good; if you want to get a good product out to everybody, it's very cost-effective.

[200] **Russell George:** I'm grateful. Hefin, did you want to make a point of clarification?

[201] **Hefin David:** Yes. I mentioned earlier a constituent's business—Andrew Walker, but I actually meant to refer to Andrew Griffiths, for the record.

[202] **Russell George:** There we are—for the record.

[203] Can I thank you both very much for your evidence? Sorry for rushing you; we've got more questions than we've got time. I'm very grateful. You're delivering a very challenging job and I have to say that I'm very grateful that, whenever I ask you to come to my constituency, Ed, you always say 'yes' and take the flak from constituents. I'm very grateful.

[204] **Mr Hunt:** I'm very happy to continue doing so.

[205] **Mr Miller:** It goes with the territory, I'm afraid.

[206] **Russell George:** Thank you very much. We'll take a short break. Be back before 11:00 so that we can start sharp at 11:00 with the Minister, Julie James.

Gohiriwyd y cyfarfod rhwng 10:52 ac 11:01.
The meeting adjourned between 10:52 and 11:01.

Sesiwn i Graffu ar Waith y Gweinidog—Seilwaith Digidol yng Nghymru
Ministerial Scrutiny Session—Digital Infrastructure in Wales

[207] **Russell George:** We now move to item 4 and I'd like to welcome the Minister, Julie James. I'd like to ask you to introduce yourself and your colleagues.

[208] **The Minister for Skills and Science (Julie James):** I'm Julie James, I'm the Minister for Skills and Science. I'll ask my colleagues to introduce

themselves.

[209] **Mr Jones:** Hi, I'm Simon Jones, I'm the director of transport and ICT infrastructure in Welsh Government.

[210] **Mr Sewell:** Hi, I'm Richard Sewell, I'm the deputy director for ICT infrastructure.

[211] **Russell George:** I'm very grateful. We've got an hour and we've got more questions than we've got time, I suspect, so we'll have to be succinct in our questions and answers. David Rowlands.

[212] **David J. Rowlands:** Okay. Good morning, Julie.

[213] **Julie James:** Good morning.

[214] **David J. Rowlands:** Can I first of all put on record my congratulations to you and your Government for the way you've rolled this out? I think it's been marvellous—

[215] **Julie James:** That's a nice start. [*Laughter.*]

[216] **David J. Rowlands:** It's been a very good success, I'm absolutely sure. But what sort of assurance can the Minister give that BT will fulfil its contractual requirements, because now we're coming down to the little awkward bits, aren't we?

[217] **Julie James:** That's right. We're in the last five months or so of the contract, in which they have the chance to start building to premises. Then, there'll be a six-month period afterwards in which they can complete the build, with a drop-dead date, as it's called in contracts, at the end of this year. So, they have a way to go—something around 80,000 premises left to get to. They will get there. We monitor them extremely closely. We have very regular meetings with them. My officials are in touch nearly daily with where they're at with that. I can assure the committee member that it's very much in BT's interest to get to the end of the contract because the contract has penalties in it that are quite severe, if they don't get there. It's fair to say that that diminishes the closer they get to the target, as you'd expect—and I'm afraid I'm not going to tell you exactly what they are because that's commercially confidential—but suffice it to say that it is in BT's interests to make the commitment that they gave us in the contract.

[218] **David J. Rowlands:** Yes, fine. Julie, as we all know, superfast actually covers a very wide spectrum of actual speeds, anything from 24 Mbps up to 100 Mbps. What do you anticipate that we can get to by the end of this contract? What sort of speeds would you be hoping for?

[219] **Julie James:** BT get paid on a premises-pass basis. So, they have to pass the tests that we've put to them for the premises that they can claim. So, at any one point in time, more people will have it than we say have it, because we're in the process of testing that they've done it. We expect them to get to 30 Mbps for around 90 per cent of it—I think that's right—and then there's a sort of shadow area of 24 Mbps that you get, because it diminishes the further away you get from the cabinet. They will get paid for 5 per cent at 24 Mbps, I think I'm right in saying. However, a lot of people will get a lot more than that. We know that people are getting 60 Mbps or 80 Mbps once they're connected, but BT get paid for 30 Mbps for 90 per cent and then for 24 Mbps for 5 per cent. So, that's how it works.

[220] **Mr Jones:** Perhaps it's just worth adding that the average speed that we've assessed during our testing regime is 68 Mbps per second across the 600,000-odd premises that they've passed. That doesn't mean that everybody's going to get 68 Mbps because people buy different products and some of the products are capped at 40 Mbps and some of them are capped at 80 Mbps, but the average speed that the technology can deliver of the 620,000-odd that we've passed is 68 Mbps.

[221] **Russell George:** Are BT going to meet their contractual obligation?

[222] **Julie James:** Well if they don't, there are severe penalties for them not doing so. If that were to happen, and I very much doubt it will because BT are very anxious that they should be seen to be meeting their contractual commitments, and actually don't suffer any penalties, but the penalties are sufficient for us to be able to meet them if they don't. That's why the contract is constructed that way.

[223] **Russell George:** But it's your view that they will meet their obligation, and they've told you that as well.

[224] **Julie James:** They have; they assure us of that very regularly. We have extremely regular—I have extremely regular—monitoring meetings with them and the officials have even more regular meetings with their counterparts in

BT. So, we are very carefully managing the situation.

[225] **Mr Jones:** It's perhaps worth understanding what's left for BT to deliver against. So, contractually, in order to meet the contractual commitment the Minister was talking about, they've got to get to something like 690,000 premises at 30 Mbps, and we're at about 620,000–odd at the moment. So that's the gap that the Minister was talking about. For the balance of premises that they have to get to, there's a mix of solutions, if you like, that they have available to achieve those premises. Some of those they've already built out to, and we just haven't recognised them through our testing regime, perhaps because they haven't achieved the speeds that they were meant to. So they might be sub 30 Mbps and it be in BT's interests to invest a bit of money in getting those over the 30 Mbps line, so that we can recognise those. So that's not about building new premises, that's just about improving the performance of some existing ones. Some of the premises they undoubtedly have to go and build, but that's a fairly small proportion of what's left. And there's a whole other band of premises that they can't get to because they're trapped behind land access issues.

[226] **Russell George:** I think Jeremy's itching to get in on this point.

[227] **Jeremy Miles:** Just on that with—[*Inaudible.*]—keep our distance.

[228] **Julie James:** I do. [*Laughter.*]

[229] **Jeremy Miles:** On the question of speed, we literally just had evidence about fibre, copper and wireless as a means of delivery, and obviously a lot rests on the speed, and there's a sort of relationship between speed and the technology. I'm slightly exercised by this idea that BT are avoiding wireless because of the degradation of speed. Is that right? Is there a risk around that? And doesn't that limit what we're trying to do here, if that's the case?

[230] **Julie James:** So there are two aspects to that, and I'll let the technical people talk about one aspect of it. But you have to bear in mind that BT are very interested in having their own technology as part of this. So, BT don't do wireless as they do fibre to the premises, fibre to the cabinet. And they have a particular view of the rest of it, is what I would say. But we have other projects, Airband for example, that utilise different technologies. So I'll let one of my officials tell you a bit more about that, as I'm right at the edge of my technical understanding now. But it's undoubtedly the case that BT have a particular corporate viewpoint of this, which is very understandable. We're

42

not criticising it, that's their corporate take on it, but that's not necessarily the technology take. So, I'll let Richard come in.

[231] **Mr Sewell:** So, the schemes that were delivered, these state aid schemes, Europe and BDUK—Broadband Delivery UK—recognise wireless and fibre and copper-based products as being fully capable of delivering superfast speeds. I think it comes down to network design and the way you approach it. And there are numerous fixed wireless providers who are delivering these speeds across the UK.

[232] **Jeremy Miles:** So, if you're living in the countryside and you want to download your Netflix, you haven't got to worry about wireless being part of the mix, basically?

[233] **Mr Jones:** It doesn't matter anymore these days. People use their phones to be able to access Netflix, and that's over the air. There are equivalent technologies to deliver fixed broadband over the air. They come with different challenges to fibre and copper, but they all come with challenges, so it's a question of what the supplier is comfortable with delivering.

[234] **Jeremy Miles:** Thanks.

[235] **Julie James:** And there have been examples of them being delivered wirelessly through the ABC scheme and so on. So the good examples do exist.

[236] **Jeremy Miles:** Thanks.

[237] **Russell George:** Hefin David.

[238] **Hefin David:** I'll ask you the same question as I asked BT, which is: why are business parks such a problem?

[239] **Julie James:** It's always important to remember with superfast that it's a market intervention. So it's not the Government building infrastructure, unfortunately; if it were, then we would have a lot simpler time of it. What we're doing is a market intervention under state aid exemptions because we're using European funding for this, as well as UK and Welsh Government funding. So, what we had to do was what is called an open-market review. So, that's asking all of the people who build these things where they're going

to go. If we were told by one of the suppliers that they were going to go somewhere—i.e. there was a commercial market for it—then we could not go there with Superfast Cymru. Unfortunately, at the beginning of the project, suppliers told us that they were going to go to business parks, by and large—I'm generalising now, so I'm not saying every single business park, but by and large they said they would go to business parks, so they weren't included. Then we did a second open-market review when it became clear that that issue was a real issue in many constituencies—including my own, I have to say. In that second open-market review, it became obvious that quite a lot of business parks were no longer going to be part of the commercial roll-out, so we were able to add 42,000 premises, many of which were business park premises, into that mix.

[240] That continues to be a difficulty. So, in some areas—Hefin, I've come up and visited in your area, where it is a problem—we are still being told that there's a commercial roll-out, and if there's a commercial roll-out, we can't take superfast there. Again, those of you who represent urban areas, you'll know that just because you're in an urban area it doesn't mean that you've had it, but it means that it's a commercial roll-out and not Superfast Cymru. So, I'm frequently asked by people in Cardiff and Swansea whether they could have Superfast Cymru because the commercial roll-out hasn't got there, but because it is programmed for commercial roll-out we can't do it because it's a market intervention. So, that's the huge complication for where we can go with it.

[241] **Hefin David:** Just to try to understand the evidence that BT gave, then, they said that the Welsh Government were asked to specify priority areas and that business parks weren't the priority areas that they specified.

[242] **Julie James:** Superfast Cymru has no priority areas. Superfast Cymru is BT delivering 690,000-plus premises in Wales.

[243] **Hefin David:** So, they were referring to the UK picture when they were talking about specifying priority areas.

[244] **Julie James:** The Welsh contract does not specify anything as a priority.

[245] **Mr Jones:** Sorry; can I just add to that? There was a concept in the original contract of something called 'value zones'. These were areas where we identified early on that these were going to be particularly difficult areas to get to. We said to BT, 'You've got to pass a certain number of value zones

per year.' It wasn't about prioritising them; it was to make sure that these particularly difficult places actually got served through the life of the contract. We've been very conscious in administering this contract that we haven't put any prioritisation on particular premises or locations, the idea being that we want BT to be able to go fish for the 690,000 premises in the entire universe of premises and not have any reason to come back to us and say, 'Well, we would've done that one over there if you hadn't told us to do that one over there.'

[246] **Hefin David:** I'm not entirely sure that that fits with exactly what they said in the previous session, but I'll have to have a look at it.

[247] **Julie James:** I'm afraid I don't know what they said in the previous session, but I do know what the contract says.

[248] **Hefin David:** We've got plenty of time to go back and check the Record. The other issue was the fact that they said there was a separate contract for business parks—Airband being it. Could you just elaborate on that?

[249] **Julie James:** So, we've let subsequent contracts to try to sort the thing out.

[250] **Hefin David:** Right. Got it. Okay.

[251] **Julie James:** The Airband contract is—Chair, if we can—actually worth talking about just for a moment, and I'll get Rich to talk about that, because that's a very interesting example. I'm sure that the committee will get on to talking about what we're going to do at the end of Superfast Cymru, so it's a very interesting example of what can be achieved.

[252] **Mr Sewell:** When we identified that the business parks were a bit of a gap, we worked with the internet service provider community and with the supplier community to understand the level of competition in that area. It was apparent that there are numerous providers that provide business-specific services and products—there's a healthy market for it. So, we decided to carve those premises out of the Superfast Cymru contract and have a competition for them.

[253] We had interest from numerous small and medium-sized enterprises delivering fixed wireless solutions and various technologies. The contract

was awarded to Airband, and they've been spending the past nine months delivering out to these business parks. We're just getting to the end of that stage now—the testing and verification—and those services that will be coming on-stream have been marketed quite widely. It's been an exciting thing for us to be able to say that, actually, we've looked at working with SMEs to deliver these things and develop services that are targeting businesses at 30 Mbps or 100 Mbps over different technologies to BT's.

[254] **Hefin David:** To clarify, Airband is an SME that's filling the gaps.

[255] **Mr Sewell:** That's right, yes—specifically targeting—

[256] **Julie James:** It's won a contract for a specific place and it's targeting one of the gaps.

[257] **Hefin David:** You could do this with other SMEs and other gaps.

[258] **Julie James:** Yes. One of the interesting things about Airband in the area that they have is that, of course, they put the technology into the premises that we wanted them to put it in, but, like all of these things, it has a shadow. So, people on the outside of the intervention area could now go with them or with another provider. So, it's provided a competitive edge, if you like, around it, which is a pleasant unintended consequence of us doing it that way, which has meant that it's pushed some competition in the area as well, which has given people a better option for what they can buy. So, it's had a lot beneficial effects, but it's a different technology.

11:15

[259] **Russell George:** Okay. Mark Isherwood.

[260] **Mark Isherwood:** Thank you. After I had raised with you in the last Assembly the issues around market intervention and state aid in the context of FibreSpeed, and, initially, that preventing superfast rolling out in those areas, you wrote to all Members explaining that you had overcome that where companies like FibreSpeed had written confirming that they would no longer be offering those services in that area. We heard this morning, when I questioned BT about this, about the mismatch. The FibreSpeed provision was for, effectively, larger companies requiring a Rolls Royce service, whereas what they're offering is more suitable for companies that want a good service but not necessarily at that Rolls Royce level, and therefore at a lower cost,

which was the barrier with FibreSpeed, and specifically why the customers didn't sign up in the volumes required to make it commercially viable. Therefore, what due diligence, what needs assessment, did the Welsh Government carry out before it tendered for the FibreSpeed project, and how much money was put into that project?

[261] **Julie James:** Chair, I wasn't the Minister when FibreSpeed was in place. So, I'm going to ask the official to answer that question because I wasn't personally politically responsible for that. So, Simon, if you don't mind.

[262] **Mr Jones:** So, FibreSpeed was an intervention under the state-aid rules that existed at the time. They're not the state-aid rules that prevail now in terms of broadband provision. At that time the requirement said that the state had to provision the infrastructure itself and it couldn't do this kind of gap-funded model that we've now done with BT. That is my understanding. The contract cost about £30 million to provide services to about 12 or 14 business parks across north Wales and it was specifically aimed at providing leased-line type services, so high speed, high quality, high bandwidth services, to a number of business parks across north Wales.

[263] **Mark Isherwood:** And, in terms of needs, because we know that the number of customers signing up—because FibreSpeed spoke to a lot of AMs at the time—was below the volumes anticipated because the costs were so high, but the costs were so high because the provision was at such a high level, so there was a mismatch. So, what needs assessment was carried out with the business community on the parks in north Wales before the £30 million was committed?

[264] **Mr Jones:** So, I'm afraid that was before my time as well but we can, I think, perhaps—

[265] **Julie James:** We can write to the committee if we don't know the answer. I personally don't know the answer to that, Mark, so I'll make sure that we find it out.

[266] **Mr Jones:** It may be worth just reflecting on the timing of that. That contract was let in 2007, which, of course, was just before the economy collapsed. A number of those business parks were actually never fitted out with premises. So, a lot of the business case that had been anticipated for FibreSpeed never materialised. The potential customers—the buildings were never built because of the way that the economy collapsed at exactly the

wrong time for that project.

[267] **Russell George:** Minister, in 2011, the previous Government said that they wanted

[268] 'to ensure that all residential premises and all businesses in Wales will have access to Next Generation Broadband by 2015, with the ambition that 50 per cent or more have access to 100Mbps.'

[269] So, what's your assessment of why that wasn't achieved?

[270] **Julie James:** Well, I think by 'access' what we meant was that we would put the Access Broadband Cymru scheme in place, so we did put that in place. So, our view of that, very simply, is that if you want to buy Access Broadband Cymru you can. So, everybody has the ability to do that in Wales. We worked very hard to make sure that that scheme was viable right across Wales. So, my view of that, very simply, is that people do have access to it. I don't want to be disingenuous about that. Access doesn't mean you have it, it means you could get it if you wanted to. I know that sounds like political spin, but that is what we meant by it. So, we put a scheme in place that allowed people to access it, and that scheme still exists.

[271] **Russell George:** On that point, we saw a video this morning; a 13 minute video, of people across Wales that are frustrated that they can't get access. But if we tell them, 'Well, you can get access; the Minister's told us you can', how do we—

[272] **Julie James:** We do—. As you know, I write very frequently to all AMs. You are one of my most prolific correspondents on this point, and, in those letters, it always says, 'Of course, your constituent could access this through Access Broadband Cymru'. What people want, though, is to be part of the superfast programme, because obviously they don't then have to invest their own money in it, and I do understand the frustration, and I hope BT told you that we have forced BT to change its website and the information it provides. Because I, too, have a postbag full of people who are very angry about having rolling dates for the arrival of superfast and so on, and it's a frustration to us that BT have been very optimistic in their estimates of when people will get the date, and we've been asking them repeatedly, and I think we've now got there, to be very pessimistic in that assumption, because we want people to be able to make the decision about whether to invest in ABC properly, knowing how long it might take them to get superfast. If they had known it

would take 18 months to get it, they probably would have invested in it, whereas, because they were told a rolling three months, people are very frustrated. So, I share the committee's frustration with BT. I didn't see the video, but I can assure you that, if you videoed one of our quarterly meetings, the video would show BT looking very unhappy indeed at my insistence that they clean up their act in this regard.

[273] **Russell George**: It might be a good idea to make those publicly viewable, perhaps.

[274] **Julie James:** Can I just add that it is a function of the contract, in a way, that's caused this problem? Because of course we have told BT to provide the premises in Wales. So, we haven't told them to provide it in, you know, Conwy or Rhyl or Swansea or whatever.

[275] **Russell George:** Can you just comment on that last bit,

[276] 'with the ambition that 50 per cent or more have access to 100Mbps',

[277] because that's not achieved at all?

[278] **Mr Jones:** If I can just get in there, on the back of the infrastructure that has been built out under the contract, actually, there is a product available everywhere where BT have rolled out called 'Fibre on Demand', which allows customers to be able to get up to 330 Mbps. BT have now made that available across Wales. Wales was the first part of the UK for this to be switched on, and that was a year or so ago, specifically to help honour that commitment. Again, it's about access to that speed. So, if customers want to pay the premium to have that service—it sits somewhere between the consumer-level product, which is superfast, and the expensive leased-line type product, which we were just talking about in the FibreSpeed context. The Fibre on Demand sits in the middle of that spectrum, at up to 330 Mbps, and that is available directly as a result of the investment in Superfast Cymru.

[279] **Russell George:** Can I just ask, before I move to Hannah for questioning: you mentioned some very perhaps challenging meetings with BT—have BT done a good job, in your view, of rolling out the Superfast Cymru project?

[280] **Julie James:** I think they've done a very good job in rolling it out. I don't think they've done a very good job in communicating where it's going.

They've done a better job of communicating where it's been, but even that, which I'm sure we'll come on to discuss, we're making efforts now to make sure that people actually know they've been connected, and I hope the committee will get on to talking about that. So, my assessment, and I've been very plain with BT about this, is that the project is a success: we have rolled out superfast across Wales; we are one of the best-connected countries in the world. However, the people who still don't have it are increasingly frustrated, and we completely understand that, and their communication to those people has been poor, I think. And—

[281] **Russell George:** That's fine. Can I ask how many premises will remain out of the scope of the project?

[282] **Julie James:** We will have around 4 per cent of premises in Wales outside the scope, and I hope we're going to get on to talk about what we're going to do for them.

[283] **Russell George:** We will. Will those people be informed of who they are?

[284] **Julie James:** Yes.

[285] **Russell George:** Okay. And when will that happen?

[286] **Julie James:** Towards the end of this year, when we get the information from BT, as part of the contract, as to where those premises are.

[287] **Russell George:** Great.

[288] **Mr Sewell:** We are currently in the middle of an open market review, which is mapping all the premises the supply community will or won't reach. In the next month or so, we'll have one set of information, which will include BT's data. We'll be then taking that out to public consultation, so we'll begin sharing that over the next quarter.

[289] **Mr Jones:** I think, perhaps, Chair, there's one other point. One of the things that we're interested in exploring with BT is about telling people not just that they can't get it, but why they've been unable to get it—so, what were the reasons why we couldn't get there.

[290] **Russell George:** That'd be welcome. Hannah Blythyn.

[291] **Hannah Blythyn:** The end of your last answer has led quite nicely to the issues around communication with BT, and I raised with them in the earlier evidence session about how one of the people in the clip said something like, 'What we're told or what we were indicated we're going to get is not necessarily what we get when we get it, and what is delivered'. I think one of the things BT acknowledged was that a learning point for them is that they should have let people know earlier if they weren't in scope, but they cited improvements to their website and the build journey as a way of better communicating.

[292] **Julie James:** We've had long conversations with BT about what the website looks like and all of you will know that it's changed very substantially over the last several months. At first, four years ago, when they were rolling it out for the first time to areas, they could say that superfast was coming to your area, and around 80 per cent of the people they talked to would get superfast and the people who were disgruntled were a small minority. And as the programme rolled out, of course, they were going to places with fewer and fewer people benefitting from the roll-out as they got to harder-to-reach places. So, that tactic of communicating in that broad way—'Superfast has arrived in Rhyl', for example—wasn't reaching the people that they intended it to reach. But they didn't adjust their communications strategy and we got more and more frustrated people saying, 'Well, I haven't got it and you said it was here'—rightly; I understand entirely why they felt that. We worked very hard with them to change the way that they depicted that on a map, because at one point the whole map of Wales looked like you could get superfast anywhere, and it was very frustrating. Now they have a journey on their website that tells you—for your specific post code or telephone number, it will tell you exactly where on that journey you are. So, it is a lot more accurate. We still have a little problem with them being a bit optimistic about it though, so we constantly monitor that as well.

[293] But we've also started a programme of our own, which we're funding, which is telling people that have got it that they've got it and what they can get. And I hope you'll indulge me, Chair—I did mention it outside—but what we're doing is writing to the AM in each area, and the council leader in each area, and then individual property holders in that area, to tell them whether they've got FTTP or FTTC. I haven't got enough for all members of the committee, because I was frantically rolling them off before we came down here—I've just got about one in two. But if I pass them round—I'm trying to get half each—you'll see that what we're trying to do is stimulate the take-up

in the areas that have got it as well. I did say that my assessment of BT differed, depending on—. Sorry, I think I've messed that one up; I'll just do it like that. They've been better at telling people where they've been, but they do that through their commercial infrastructure, and we felt that wasn't good enough, that people should actually understand that they've got superfast. So, that's what this programme is for. Obviously, there's a gain share in the contract, so, as soon as it goes over 21 per cent take-up, we get money back.

[294] So, we'd very much like AMs to assist us in getting people to take it up, (a) because we people to be digitally connected in the modern world, and (b) because we want some money. So, the more people that take it up the better, really. We're working very hard to get that message out to people and tell them what they can get, and also sending the message out from the website that people should shop around for their internet service provider. We get quite a lot of letters in from all AMs saying, 'You said I got it, but I'm only getting this'. And the message coming back—you've all had these letters off me—is, 'Well, you need to tell your constituent to shop around, because some ISPs cap their speeds and so on'. We always check what the premises ought to be able to get and then you need to check with your ISP why you're not getting that.

[295] **Hannah Blythyn:** One of the things that BT mentioned in their submission and also in the evidence session was problems that they encountered that caused a slippage—so, land access, road closures—and I think you point out that it should be considered as part of any major project, but are there ways you think that they could have approached that or it could have been approached better in terms of getting access to land as well?

[296] **Julie James:** One of the most frequent conversations we have with BT in the monitoring meetings is about how they approach the planning of the projects, and we have always felt that they should have a much more end-to-end plan from where their node is out to where they're going, and they should have a better view before they start of where that is, whereas what they do is often a desktop exercise, and then when they arrive they find there's a large tree where they wanted to put their trunking, and obviously that delays it. Actually, it's one of the reasons they've been reluctant to tell us where they won't go, and I've been pushing them for months—I think years, probably, now—to tell me at least 1 per cent of where they won't go. The reason they don't want to do that is because they don't want to have anything taken out of their fishing pool. So, if they say they're going to go

somewhere and they do encounter a large tree or a big rock, or their ducts are blocked or whatever, they want to be able to go back to somewhere that they previously thought they weren't going to go. But we have pushed them to tell us at least the 1 per cent, because for those people we can start the intervention of getting it to them. But it's because of the way the contract is constructed that they've been reluctant to give us that information, but, yes, I think we've had a very constructive conversation with them to be fair, with both BT and with Openreach.

11:30

[297] I've met with people from both BT and Openreach to discuss this process. Kim Mears, the head of Openreach, who I've discussed this with, has been, I think, very instrumental in changing the way that they've done some of the engineering, and that has improved the forecasting and speeded up the process. Obviously, they want to get to the numbers for the contract; so, they've only got five months to start the build now for the rest of it.

[298] In terms of wayleaves, BT regard that as a commercial matter between themselves and the landowner. I've long held the view that they should share confidentially with us and other AMs where those problems are in constituencies, because, as public servants, we could probably help unlock at least some of those; but they've been reluctant to do that. They're very firm views; it's commercially confidential. But at some point we will find out where those blockages and see whether we can unlock some of them, because that is starting to be the biggest problem that they have.

[299] I just want to add one last thing into that. I see that Rich is desperate to get in. Our other frustration is that, if this were a universal service obligation and treated in the same way as a utility, for example, then we wouldn't have some of these problems because people would have a set framework to negotiate against, and they would have rights to cross land. So, part of the problem has been our own Government's—the UK Government's—delay in accepting this universal service obligation. That is about to go into law at 10 Mbps, I think, which is a bit low for our liking. As you know, we'd like them to ramp that up. But once that happens, then some of these issues will also be alleviated. It could have happened sooner for our liking, really. Rich, you were trying to—

[300] **Mr Sewell:** I was just going to say that we have a dedicated member of the team who works with BT on landowner issues, recognising that it can be

a particular issue.

[301] **Russell George:** Minister, on the ultrafast voucher scheme, I think your paper says that you've had 50 applications and only 12 offers of funding made; and on the ABC scheme, 722 applications, of which only 128 have been approved and installed. That doesn't seem very good or a very high success rate.

[302] **Julie James:** Can I ask—I don't know whether it's you, Richard—that you just explain how it works and how it's administered? Then you'll be able to see how we do it. Then I'll be happy to answer some of the questions.

[303] **Mr Sewell:** With a lot of the applications that we have coming in, we work with the end user to take them through the process. Very often, there's quite a high drop-out rate where, when you actually probe into the application, the applicant doesn't necessarily want to take it any further. In other cases, we identify that Superfast Cymru might be arriving within a reasonable time frame; so, we work with the end user there. Very often, they're happy to wait for that to come in, or we can see that it's actually coming on stream. We give the end user the choice, ultimately, but if superfast is there, then nine times out of 10 they'll go for that. In an ideal world, we wouldn't be—. I'm trying to work out what I'm trying to say here, apologies. We're also constantly reviewing the scheme to adjust it. So, we recognise that it has not been perfect in some of the processes. We've got a paper going to the Minister this week about trying to take some of the blockages out, because there's a two-stage approval at the moment. There's an approval for the application itself, and then there's an approval to release the payment, and that can cause a bit of a bottleneck. So, we recognise that and pull that out.

[304] **Mr Jones:** Perhaps it's also worth—. When you think about ABC, those figures that you have are for the latest iteration of ABC. There are perhaps another several thousand who have benefited from the broadband support scheme and the previous iterations of ABC. So, you know, up to 10,000 people have already benefited from the scheme in its past guises. So, the figures that you have there are based on the latest iteration and the latest set of rules around it.

[305] **Julie James:** And also, we expect it to drop off as superfast reaches its end point, because, obviously, people are getting superfast. We know that they'll get it within five months, or not, and very quickly now we're getting to

the point of knowing completely what happens.

[306] **Russell George:** But the point is that the voucher scheme, for example, had 50 people applying, but only 12 actually receiving the funding.

[307] **Julie James:** Well, I can supply the committee with as much information as possible about exactly why. I don't have those figures with me, but as you say, it might be that they changed their mind, they dropped out, or they got superfast and so on.

[308] **Russell George:** Well, I can tell you why, to a point, because I think, as Richard just pointed out, there are blockages in the system. Certainly, I've got a constituency example. I'm trying to help somebody apply for that voucher scheme, but they couldn't because the criteria were too stringent. There's no flexibility in the scheme. So, can you make more flexibility?

[309] **Julie James:** One of the issues is about the step change in speed and what you can get. The other is the way that the delegations work, which I've just asked to have completely changed so it will speed the process up. But also, it will run into, now, the end of superfast, and what we're going to do for the other 4 per cent. So, we need to have a scheme that's going to work for everybody in Wales who isn't in superfast. So, that scheme is a kind of filler-in for people who didn't want to wait. I anticipate moving to a scheme that gets to everybody in Wales, with bespoke solutions for what their particular problems are. One of the things that I'm hoping to be able to ask the committee's advice on—and I very much hope you'll include this in your report—is how we do that. So, I don't know if you want me to just talk about that for a minute. But, for example, one of the biggest issues that arises is: why didn't we prioritise particular groups of people in superfast; why did we just put it out to everybody?

[310] So, I would like very much to know what the committee feels, after taking all of its evidence, about prioritising for the next bit. So, we have around about 1,000 farmers who are still not connected to superfast, for example; we still have some business parks not connected; we have a scattering of people right across Wales who are not connected, and we have premises-by-premises details of those. We have to make some decisions about how to do that. So, is it going to be feasible to let a contractor get to farmers, for example, and have an ISP for farmers? Or are they so scattered across Wales that, actually, it's impossible because the geography of Wales is such that you'd have to build some ridiculous cable right the way around? I

don't know that until I see them mapped onto the map. But should we prioritise farmers? Should we priorities small businesses? Should we prioritise—? The problem with prioritising is, as soon as you prioritise somebody, what you're effectively doing is deprioritising the people who aren't that person. So, I am genuinely asking the committee: Do you have, at the end of your—? I know you don't have it yet—but at the end of your inquiry, if you have any evidence that shows us that we should prioritise particular sections, or whatever, then I would be very grateful to know that before we finalise our arrangements.

[311] The other thing we're looking at is how to procure that programme. Should we procure it as a successor to superfast—so, all the rest? In which case, we'll have big suppliers coming: BT will be interested in that, maybe we'll be lucky and have other suppliers, but maybe not. Or should we parcel it all up into geographical or other communities of interest, and encourage SMEs, small ISP providers and so on to do that? Or should we consult with communities and ask them what they think the best solution for them is? Or some combination of all of those things? We are genuinely in the process of consulting ourselves about that, and I would be very grateful to—

[312] **Russell George:** Yes, thank you Minister. We will take that on board, actually, in our conclusions. We're moving on to a subject area that we've probably largely touched on, but I'm conscious David and Vikki have previously indicated they wanted to ask questions on this. Are there any questions that you want to go into in a bit more detail on, David?

[313] **David J. Rowlands:** With regard to—

[314] **Russell George:** With regard to the intervention schemes.

[315] **David J. Rowlands:** Well, first of all—at the risk of seeming to shower the Government and yourself with more praise with these intervention schemes—I'd like to talk about the innovation of the voucher scheme. BT were very much saying that it was a very good scheme and that they wanted to try to comply, actually, in order to be included on those schemes. But notwithstanding what my colleague said today about the difficulties that might be involved in that scheme, which you say that you are going to address, did you set any targets for how much this scheme might be taken up?

[316] **Julie James:** No, not really. It's a driven-by-demand scheme. So, the

idea was that anybody who wanted it would be able to get it. Obviously, we had some budget parameters, but largely we were wanting to meet any demand that came forward. So, the idea genuinely was that people who wanted to get superfast broadband faster than the superfast programme would get to them could get it, and for business parks—the ultrafast voucher scheme—people who want to ensure a much higher bandwidth for themselves and a better product, really, than superfast, suitable for businesses, would be enabled to get that. Now, I am aware, because various Members have taken me out to visit various businesses across Wales, and obviously officials are in touch with businesses, that we have some difficulties in some parts of the ultrafast offer, not least the monthly cost of maintaining the service once it's been put in. We are always willing to review that and see how we can help.

[317] I hope you don't mind me mentioning you, Hefin, but I went to visit a very interesting company in Hefin's patch—

[318] **Hefin David:** [*Inaudible.*]

[319] **Julie James:** You've already seen it, have you? As a result of that, we're starting to review how we package that and whether we can help small business parks get together to get a better project for them. Also, we're investigating whether, actually, they ought to have been able to get fibre on demand and quite what's happened there. So, I just use that as a demonstration of how we're very happy to look at what will work for people and actually assist them to get it, because the whole purpose of this is to get businesses online with the product that they want. There's no magic in it; we're just trying to help people do that.

[320] **David J. Rowlands:** Given that the voucher scheme has been taken up in places, but there have been some difficulties, did you have discussions with the service providers about how this voucher scheme ought to work prior to this?

[321] **Julie James:** Yes, and we are in conversation with all of the small service providers all the time about what they're able to provide and how we can help them do that. We're also looking at—Simon's just written 'community champions' down, and he's quite right. What we're looking to see is whether we ought to be, as the Welsh Government, providing advice and guidance to people who think that they're interested in the voucher schemes, to help them with the business processes, or, indeed, if you're a

residential homeowner, the processes for that, and whether, again, we ought to be providing, as the Welsh Government, assistance to get the community to come together to investigate what scheme might be best fitted for them as a successor programme, whether we should be funding that and whether we should be assisting the community to purchase a community solution, where that's suitable, or individuals where it isn't. So, we're very open to advice and guidance from yourselves and, indeed, we talk constantly to the provider network about how to make this scheme work. After all, in the end, that's what we're trying to do. There's no magic in the voucher scheme. If it doesn't work, it doesn't work. We need to do the thing that does work.

[322] **Russell George:** Have you met Duncan Taylor?

[323] **Julie James:** Yes.

[324] **Russell George:** Give him a job, I would, I think. [*Laughter.*] That might be one of our recommendations. Vikki Howells.

[325] **Vikki Howells:** Thank you. Thank you, Minister. I know you've already given us quite a few ideas about the ultrafast connectivity voucher, and the way you feel it's gone well and what could be improved. I know you're doing a review into that scheme shortly. Could you give us, just briefly, some more indications about the timing of that review?

[326] **Mr Jones:** Well, I think it's ongoing, and it's connected with what the Minister was talking about—about community champions and about what the residual premises look like at the back of superfast. So, ultrafast and ABC, they're kind of inextricably linked. They're also inextricably linked to how we go about dealing with the rump of premises at the end—the 50,000 or 100,000 premises that are potentially not going to be served when the BT roll-out is finished. We'll know the exact numbers and exactly where those premises are, as Richard said, over the course of the next few months, as we do the open market review—

[327] **Julie James:** Can I just say—? It's worth mentioning—I think I'm right in saying this; officials will correct me if I'm wrong—that, of course, the voucher schemes are open to people in the commercial roll-out area as well, so it has been a way of getting help to people who are trapped behind the commercial wall, if you like. So, it's been quite popular in business parks that ought to be part of the commercial roll-out. Indeed, I was talking to somebody in central Cardiff only the other day who was looking at taking it for exactly that

reason. So, it's been a way of smoothing the edges, if you like, as well.

[328] **Mr Sewell:** I think it's fair to say, as well, that they're the subject of constant review. The idea that they are under review and there's a fixed start and end point of that, I don't think that exists. So, we haven't got all the right answers—

[329] **Julie James:** No, we tried to design it to suit the provider and the person who needs the service—

[330] **Vikki Howells:** So, it's more of a continuous evaluation, really, then.

[331] **Mr Sewell:** Absolutely.

[332] **Julie James:** And, as I said, we have just redone the way that we actually undertake the decision process, as well, to try and speed that up and make it a bit more user-friendly, because there is a very long lag between application and end results at the moment, which we are hoping to iron out.

[333] **Mr Sewell:** The other thing we do as well is we recognise that, since our schemes have appeared on the landscape, other schemes have popped up elsewhere. So, we talk to those other scheme holders to understand how they've taken our lessons and adapted them. We were in conversation with the UK Government over its Better Broadband voucher scheme to see whether we could learn from that and adjust it. I think the idea that there's a fixed thing is probably not helpful. We need to constantly evaluate.

[334] **Vikki Howells:** Thank you. The way you've explained it gives a much more pragmatic approach, really, which is very good news. Minister, you said just now that you're happy to look at what will work for people. Well, last week, we heard from Spectrum Internet and also from Duncan Taylor, as the Chair said, from the inspirational Ger-y-Gors community project. Both of those witnesses said they felt it would be much better, in the future, if Welsh Government set up a specialist loan fund, rather than providing grants. Would this be an area that you would potentially look at?

11:45

[335] **Julie James:** Yes. We're very happy to look at anything, really, that the committee feels will work. So, if you want to assist us—I'm genuinely saying this—I don't have all the answers to this. This last bit will be very difficult.

Let's not kid ourselves. Wales is very, very beautiful, but part of its beauty is how lumpy it is. One of the interesting things in talking to the mobile phone operators—I don't know if we're going to get on to that today; we probably haven't got time—is about the population coverage, and what they need to do.

[336] **Russell George:** We will come on to that.

[337] **Julie James:** Well, let me just say this, because it's really interesting, and I don't know that I fully comprehended it before I saw it written down. The population of Wales is very evenly spread across Wales, because we've got all these bumps, and there are people in all of them, whereas in Scotland, it's very beautiful and bumpy, but there aren't people in all the bumps. They're all clustered in places. So, it's actually more difficult in Wales, because we live all over Wales. I suppose I sort of knew that, but until I saw it written down, I hadn't really comprehended it. So, we have a specific problem about getting the signal right across our land mass that the other nations of the UK don't actually have in quite the same way. So, we have a particular issue with the difficulty of getting to everybody in these lumpy bits, and how we get the signal to them, both for mobile and for broadband. Actually, as the technology shifts, those are starting to become the same thing anyway.

[338] **Mr Jones:** Can I just come back to the loan question? So, this is something that officials had discussed with Finance Wales previously, but that's been slightly overtaken by events in that UK Government have actually offered a loan arrangement scheme, which they publicised last year, I think, Richard—a £400 million pot that is available for specifically that kind of purpose.

[339] **Vikki Howells:** Okay, thanks.

[340] **Russell George:** We've got two areas left. We've got the successor scheme, and mobile, and we've got less than a quarter of an hour. So, Hefin David.

[341] **Hefin David:** My question has been addressed with the business parks issue.

[342] **Russell George:** Okay. Did you want to ask any questions about the successor scheme?

[343] **Hefin David:** Well, it follows on from what Vikki was saying about the alternative providers. Spectrum Internet said that the alternative providers are the ones that are going to solve the gaps problem, really. But I think you've addressed it in some of the things you've said.

[344] **Julie James:** So, amongst the complications with this are not only who we get to do the nuts and bolts bit, who we get to do the civils, if you like—who builds the actual tube and gets the power to it and so on—but then who actually runs the service? I'd be very interested to see if the committee has any evidence on this, because one of the problems with small internet service providers—and obviously, the successful scheme is going to have about £80 million net—ish. It does rather depend on the gain share from BT, so I just emphasise—. I hope all the AMs will help people take it up and so on, because the more money we've got at the end of it, the better. But, you know, if you put £80 million in economic development costs into the Welsh countryside, you'd be making a very substantial investment in it, and we want that money to work in a lot of different ways. So, it is to get broadband to people, but it also ought to be, in my view, an economic development tool.

[345] So, if we can think of ways to stimulate small ISPs, SMEs and so on inside the procurement rules and arrangements, then I'd be very glad to look at those things. But we do need to be cognisant of the technical difficulties of running a small ISP strung out across the whole of west Wales, for example, and how that might work.

[346] **Hefin David:** I suppose—[*Inaudible.*]—I gathered that the small, local solutions are the ones that seem to be the ones that are offering—. I mean, a national public body wouldn't necessarily resolve these issues.

[347] **Julie James:** Well, I'd be happy to get anything, but the problem would be that a national pubic body with its own infrastructure—this is all gap funding, so it's just adding to BT, really.

[348] **Hefin David:** You'd create more structure.

[349] **Julie James:** If only we could afford to run it as a state-owned infrastructure. I'd be very happy to do that, but we just don't have the money to do that, or the power, actually. But there are issues around the ISP. For example, most people want to be able to buy Sky or BT Sport or one of these big other brands that are available—one of these big provider things. Small ISPs can't always make a deal with those people, so if you have a

community-supplied small ISP, it may not be able to access some of those services. That might suit some communities and it might not suit others. I just don't know. I don't have the answer to those questions, and that's why we probably need to speak with various communities and ask them what it is they're trying to get from this. Are they trying to run small businesses from home? Are they just using it for leisure? Do they have ambitions to access that sort of thing? I don't know the answer to those questions, and we need to find out before we start investing.

[350] **Russell George:** I think Adam Price wants to come in. Adam Price.

[351] **Adam Price:** Why don't we have the power? The Basque Government actually, for precisely the same reason, created its own—in 1995, it created its own ISP and telecoms company, Euskaltel, which it owns 50 per cent of. Hull City Council ran Kingston Communications hugely profitably for many years. We're talking about the areas where there is no commercial rationale. The only reason that they will build it is if you give them the money. If you're giving them the money, why shouldn't the taxpayer own the network and then have the revenue from that?

[352] **Julie James:** And the answer is: we could do it that way. I'm not talking about the ISPs necessarily, it's just about building the network out. We know from FibreSpeed how much it cost us to build the network out, and the gap funding that we've done, with BT investing as well, has brought the cost of that down very considerably. So, in the end, it's just how much we can afford.

[353] In terms of the powers, I meant in terms of—. Telecommunications isn't devolved to the Welsh Government, so I don't have the power to direct a telecommunications company to do something. That's all I meant about the powers. But I'm happy to look at a publicly owned ISP arrangement, for example, or a social enterprise ISP or some other arrangement, as long as we can demonstrate that it's viable and sustainable. So, I wasn't ruling that out, I was just talking about the infrastructure itself.

[354] **Adam Price:** Just on thinking about a successor scheme to a successor scheme, one issue is the 4 per cent, but already, as we heard from BT this morning, they're planning the next generation of ultrafast broadband. They wouldn't give us a figure for the coverage in Wales. So, when are we going to get the successor to the successor, which is looking at a level of universal coverage for ultrafast broadband, up to 100 Mbps?

[355] **Julie James:** And I think that's tied up with the universal service obligations that the UK Government is looking at and what BT infrastructure looks like at the end of this project. So, it will be a matter of great interest to us what BT are telling us can be run on their network and what the competition looks like for that, because obviously we have helped them build a network right across Wales, so that network ought to be capable of ramping up its speeds. That's what we've paid for, largely.

[356] **Adam Price:** So, when would you expect to produce a plan for ultrafast broadband? In 2018 or—?

[357] **Julie James:** I think I feel very much that the Government wants to walk before it runs, so I'd like to get everybody connected and then talk about what we can do with those connections. And part of that will be what the infrastructure build looks like as a result of that. And also, the technology is changing all the time, so it may be—. I was visiting a firm near Cardiff very recently, who told me that, in six years, the entire globe will be spanned by satellite communications that will be better than any fibre, and why are we bothering, which was a bit upsetting. [*Laughter.*] So, partly, we've got to keep an eye on that technology and have a little bit of a future look and to see what we're investing in. And partly, we've invested in infrastructure with BT for the purposes of it being resilient into the future, so we've kind of already got that successor scheme built into this one, because that network ought to be resilient enough to ramp up for most people.

[358] **Mr Jones:** So, a big part of the cost of building this scheme is what the jargon calls the passive provision, so the poles and the fibres themselves. The electronics is a relatively small part of the total cost. So, swapping out the electronics to be able to drive greater speeds is a less substantial task than the task of getting fibre to places where fibre has never been before.

[359] **Russell George:** So, can you give us some timelines on the successor schemes, or when procurement details will be available?

[360] **Julie James:** We're in the open market review as we speak. We are in the process of looking at what we want to do for the successor scheme. We want it to be up and running by the end of this year, if at all possible. That will be driven, though, by some of the decisions that we make—I hope, assisted by the committee—around whether we do it on a community-by-community basis or as a single project. Clearly, if I'm going to let a single

contract, I can tell you that that will start on 1 January 2018, because I can control the procurement for that. I'm just not at all convinced that that would be the best way to actually deliver it. And the more complex we make it, the more we cut it up into small communities and so on, obviously the more complex it is to let those contracts, and we need to discuss how we do that. Would we do that through local government partners, would we do that through regional arrangements? The Welsh Government doesn't have the capacity to run 20,000 contracts, all with 12 people in them. Goodness knows how many staff I'd have to have to do that. But there are mechanisms in Wales to do that, and I'm more than happy to look at them. It could be that local government partners would be best to do that. It could be that other partners elsewhere are best to do that, but the more complex we make it, the less likely I am to be able to give you a fixed timeline.

[361] **Mr Jones**: If I can just illustrate a point around that—

[362] **Russell George**: Very quickly, because we need to have some time for mobile. Very quickly.

[363] **Mr Jones**: Let's say we've got 50,000 premises left at the end, in order to give an SME a manageable number of potential customers at the end— say,1,000-ish customers at the end—that means we'd have to have 50 different lots across Wales to be able to do that. So, that's 50 separate contracts to manage, so that's a huge management burden, just to illustrate the point the Minister was making.

[364] **Russell George**: Okay. I'm grateful. Mobile—Mark Isherwood.

[365] **Mark Isherwood**: Thank you. What outcomes resulted from your meeting with network operators last week?

[366] **Julie James:** As you saw, I did a written statement that said that we're in the process of drawing up a plan to meet a lot of the practical things that came out of the round-table. We were very pleased with the meeting; we had quite a good meeting of minds over what needed to be done and what practical steps we could be taking forward. So, I'm hoping before Easter to have a proper plan in place that's agreed between the mobile operators and ourselves and so on, and have that as a deliverable option.

[367] I just want to put two points of caution on that. The mobile operators, and Ofcom, to some extent, have a view about the way it might work, which

means that we would be left picking up the gaps, if you like, by subsidy in the same way as broadband works. I'm not absolutely convinced that that's necessary if we plan it in a slightly better way. And also, they're quite reluctant to share infrastructure, and I think they should be less reluctant to do so. I don't see why our beautiful national parks should have four lots of masts over them because people won't share them. To some extent, that's happening with market forces—they can't afford it—but I'm very keen to assist them in any way to be a little bit more collaborative so that we have better infrastructure but choice of coverage for people.

[368] So, I don't want to paint an absolutely rosy picture, but I felt that we moved a long way as a result of the round-table towards getting a plan that can actually work.

[369] **Mark Isherwood:** How do you respond to the analysis we received—? Sorry, did you—?

[370] **Mr Sewell:** I was just going to say that what we had here was an agreement from all parties—Ofcom, the industry and Government—that the action plan needs to be specific to the needs of Wales. You know, you can't just lift and shift a plan from elsewhere—it has to be specific.

[371] **Russell George:** Mark Isherwood.

[372] **Mark Isherwood:** How do you respond to the analysis we received that, on many measures, Wales, quote, has the worst mobile coverage in the UK? And if I can incorporate into this question comments by Ofcom and EE that Wales is lagging behind in terms of planning reform, and from Three that Wales will soon have one of the most restrictive planning frameworks in the UK.

[373] **Russell George:** It's because we've got lots of bumps.

[374] **Julie James:** Well, again, we've discussed this endlessly, haven't we? They want us to just allow a permitted development for very tall masts; that's their prime aim in making statements of that sort. If you look at what a tall mast might achieve in the Brecon Beacons, for example, it would get some coverage but it certainly wouldn't get into all the little bumps. They would still have to build a small mast to get into the little bumps. We fear that they will build a big mast and then say, 'Sorry, we can't afford to build a small mast. The Government will have to do that.' I want to get to the bottom of

that before we get to the point of allowing 150 ft or 150m masts, or whatever they are, because they're enormous. And I also want the people who live and work in the beautiful areas—well, all areas of Wales; I'm not saying particularly beautiful areas—to have a say in whether they value coverage more than the visual amenity loss that you get with some of these hideous masts.

[375] Now, I love my mobile phone, I really like to be connected to it, but at the same time you don't want to cover the whole of the national parks of Wales with masts. So, we do need to find a bespoke solution for this. I think a quarter of the land mass of Wales is covered by national parks. It's our huge strength as well. So, we have to find a solution that balances the need for coverage, which we all want, with the need to have proper protection of our rural countryside and so on. So, we will find a solution, but just browbeating us that we've got the most restrictive regime in the world I don't feel is necessarily the best way to do it.

[376] **Russell George:** Do you think it's a good ambition to have the best planning regime in the world with regard to allowing mobile signal?

[377] **Julie James:** I do, but the problem with the word 'best' is that it carries value judgments. So, your idea of best and mine might not be the same.

[378] **Russell George:** Do you mind if I bring Jeremy in and come back to you, Mark?

[379] **Mark Isherwood:** Okay.

[380] **Russell George:** Jeremy Miles.

[381] **Jeremy Miles:** Just on that, you did your statement yesterday that flagged up the forthcoming mobile action plan. You talked about the discussions you'd had with operators about making it easier to site masts on public land, and to use public assets in a way that supports the infrastructure perhaps better than it does now. Why would you not go further, for example—? You might, but in the post-Brexit world we'll be looking at different ways of providing funding to large swathes of the Welsh land mass, for obvious reasons. So, land that benefits from public funding could also be within the compass of the sorts of areas that you're looking for. So, you could link the readiness to take infrastructure with that sort of funding, conceivably.

12:00

[382] **Julie James:** Yes, absolutely. There are a number of other things that we can look at as well. So, there are some exercises being conducted around assets in public ownership or quasi-public ownership, or assets in the ownership of people who have benefited from public funding and so on, which we can work with. We had a meeting of minds. I don't want to paint a gloomy picture either. It was a good meeting—we had a good meeting of minds as a result of it. But there will be nuances and we all agreed that that would be a good idea.

[383] We've done some preliminary work with colleague public sector organisations and they're willing and able to work with us around local-authority-owned assets and so on, because it's an imperative for the local authority that their area gets coverage, obviously. So, it was a good picture; we had a good outcome from it. I just don't want to make it sound as if there are now no hurdles because this business of what a good planning regime looks like is different if you're trying to build infrastructure and if you're trying to stop it. So, we have to find the right measure of both protection and enablement that allows the people who live and work in Wales to have the mix of those things that they want and not that we, the Government, say they want or indeed the mobile operators say they want. I'm very anxious that we should have the right collaborative consultation around that to get that regime in place.

[384] **Russell George:** Back to Mark Isherwood and then Adam Price. Do you want to come on this point, Adam?

[385] **Adam Price:** No.

[386] **Russell George:** Mark Isherwood, and then Adam.

[387] **Mark Isherwood:** I'll do one more then hand over to Adam. It was Ofcom that told us that Wales was lagging behind in terms of planning reform—not just the network operators—and they're the regulator and supposedly independent. But Ofcom also told us that to get parity with England, we have to make Wales the best and easiest place to deploy mobile infrastructure. Do you agree and, if so, how can we do it?

[388] **Julie James:** I agree that we need to be a place where mobile

infrastructure can be deployed readily and properly. But, again, it is about a balance between the amenity of the countryside and the mobile operators and their plans and where to site them and whether they're prepared to collaborate. We don't want four masts in a one-mile area because they won't put them in the same place, for example. I understand where Ofcom is coming from and I don't want to be disrespectful to them, but it has taken us a very long time to get Ofcom to understand that we need geographical coverage in Wales and not population coverage. We have got there now, but they have been slow in recognising that. So, I'm very pleased that we've got Ofcom to where we've got them, but we could have gone faster had we had some imperatives on the operators to give us geographical and not population coverage quite some years ago. I'm very happy with where we are now, but we need the regulator to work with us here as well to make sure that we have commercial operators forced to cover the geographical spread of Wales and not just the population clusters, because that's been a huge problem.

[389] **Mr Sewell:** I think it's worth adding that Ofcom does have powers that the Welsh Government doesn't have over telecoms, and it can, I suppose, look at a regulatory response to that. Planning is one option, yes; we can certainly look at the planning environment, but looking at that in isolation deflects from other activities that could take place. Our view is that Ofcom could potentially look at the market in Wales and compel an operator—

[390] **Russell George:** Okay, that's interesting because our report may well make recommendations to Ofcom. I've got time to ask you, but you haven't got time to answer, but if you think that there are recommendations that should be in our report that we should be making to Ofcom, can you write to us on those issues?

[391] **Julie James:** I can. Chair, if you want to share a draft, I'm quite happy to discuss any sections or drafts of your report to see if we can work together to get the outcome. I genuinely want to have the committee's advice on some of the things you're taking evidence on. You'll have better evidence than we have.

[392] **Russell George:** I'm grateful. Adam Price.

[393] **Adam Price:** One of the reasons why we've got such poor coverage is the fact that the networks won't allow roaming between themselves for domestic customers. But it is true that there are multiple network SIMs

available in the market, because mobile virtual network operators—operators that don't have their own network—are allowed to contract on that basis. Why don't you, the Welsh Government, set up your own MVNO and use the leverage that you have over the companies to get a better cost base for that kind of product?

[394] **Julie James:** I'm more than happy to look at that. I think I said in an earlier committee here that it was a disgrace that if you had a French sim, you could travel Wales and roam, and if you had a British one, you couldn't. I've long thought that. Ofcom, of course, could help in this regard as well, but I'm more than happy to look at that. I think that's a very sensible solution.

[395] **Adam Price:** Thank you.

[396] **Russell George:** Can I just ask some very quick questions that probably only need quick answers? Did I hear you say that your mobile action plan will be in place by Easter?

[397] **Julie James:** Easter.

[398] **Russell George:** And will you have published it by Easter?

[399] **Julie James:** I hope so.

[400] **Russell George:** And will that include coverage and date targets?

[401] **Julie James:** What it will be is an action plan setting out all of the things we hope we can, with timescales, but some of them are outside of our leverage. So, I'm hoping that we—. The reason I'm hesitating a little bit, Chair, is because I want it to be an agreed plan across the regulators, the telcos, local government and so on. So, in as much as it's in my power, it will have those things, and we will be encouraging partner organisations working with us to also sign up to that.

[402] **Russell George:** And have you discussed with the Scottish Government their mobile action plan?

[403] **Julie James:** We are in touch with the Scottish Government. I personally haven't discussed it with them, but we are aware of what Scotland are up to, yes.

[404] **Russell George:** And what do you think is good about their plan, and what's bad about their plan?

[405] **Julie James:** Well, they have slightly different problems to us, but, broadly, our plan has the same headings as theirs. So, we're looking at the same things—business rates, coverage, planning regimes, the regulatory framework, geographical as opposed to population coverage. But, as I explained, Wales has a particular problem with that that Scotland doesn't have. But, yes, largely, we're working in the same space to achieve the same goal really.

[406] **Russell George:** I'm grateful. Do any Members have any final brief questions on mobile? David Rowlands:

[407] **David J. Rowlands:** Just one. We know that 4G lags way behind the rest of the mobile coverage. Have you been able to identify why that happened, because, obviously, they're talking now about rolling out 5G et cetera, so that you can make sure that that doesn't actually happen this time around?

[408] **Julie James:** That's quite a complicated question, but I can assure you we are in conversation with the regulators and with the telcos around how that roll-out has happened. And I've met with every single one of the mobile phone operators to discuss the roll-out and to make sure that we get the best out of that.

[409] **Mr Jones:** Part of that is caused by the issue that the Minister talked about earlier on. The original obligation on the mobile operators was about population coverage rather than geographic coverage. The UK Government has changed the rules on that, only recently, to put an obligation on geographic coverage. If that geographic coverage obligation had been set out when the spectrum was awarded for 4G in the first place, we wouldn't have been in this position we're in now.

[410] **Russell George:** And from memory, the mobile operators told us last week that they're not able to service 100 per cent of Wales. Is it something that you'd be willing to do, to scope out what areas would perhaps be out of the commercial viability scoping of the mobile operators, and then look to put in some kind of subsidy funding for specific areas?

[411] **Julie James:** I'm very anxious not to be overly offering Government

help for notspots before they've even told me what their coverage areas are. So, I'm going to take that the other way around. I'm very anxious, between all of the mobile phone operators, that every area of Wales should have some coverage and that most people should have more than some coverage, and then, once we've got that map, we will look at what the Government might need to do to intervene. But I don't see any reason why very rich telcos can't actually put their profits into some public service in some areas of Wales to ensure that the coverage goes everywhere. Why they should be asking for public subsidy to do that is something that I've yet to be convinced of.

[412] **Russell George**: I'm grateful. And a very last, brief question from Mark Isherwood.

[413] **Mark Isherwood**: Just related to that, and referring to the research you've done, what about the use of business rates for public assets?

[414] **Julie James**: Yes. In my written statement I said that one of the things we're looking at is the use of business rates to help the investment, the planning regime to help investment, use of public assets to help investment, the regulatory regime, and any other issues that arise as a result of our investigations in that. So, that's very much on our list.

[415] **Russell George**: I'm very grateful, Minister, for your time this morning and to your colleagues. Thank you very much.

[416] **Julie James**: Pleasure.

12:09

Papurau i'w Nodi
Papers to Note

[417] **Russell George:** We move to item 5 now, which is papers to note. That's all agreed.

Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o Weddill y Cyfarfod
Motion under Standing Order 17.42 to Resolve to Exclude the Public from the Remainder of the Meeting

Cynnig:

Motion:

bod y pwyllgor yn penderfynu gwahardd y cyhoedd o weddill y cyfarfod yn unol â Rheol Sefydlog 17.42(vi).

that the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order 17.42(vi).

Cynigiwyd y cynnig.
Motion moved.

[418] **Russell George:** I now move to item 6, under Standing Order 17.42, to resolve to exclude the public from the remainder of the meeting. Are we happy? Yes.

Derbyniwyd y cynnig.
Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 12:09.
The public part of the meeting ended at 12:09.