



Swisscom position, 25 March 2025

Gigabit Strategy of the Confederation

Consultation on the Broadband Promotion Act

Background

- On 14 March 2025, the Federal Council launched a [consultation](#) on the Broadband Promotion Act (Gigabit Strategy). This aims to provide access to modern high-speed internet throughout Switzerland by regulating the expansion of gigabit networks in areas where it is not in the market players' interest to invest. The funding will primarily go towards expanding fibre-optic networks. In cases where the costs for installing fibre would be disproportionately high, wireless technologies (mobile technology in the first instance) are also possible.
- The funding programme will only apply in areas where there is sufficient demand and network expansion is not profitable. The Gigabit Strategy is not intended to inhibit or drive out private investment. Private companies are to be subsidised to encourage investment in those areas where the expansion of modern telecommunication networks is not sufficiently financially viable. The Federal Council estimates that funding of CHF 730 million will be required to achieve the target coverage. The funds are to come from the proceeds from the awarding of the mobile spectrum (2027, 2033). The programme is limited to a period of seven years. The new Broadband Promotion Act is not expected to come into force before 2029. The programme will start two years after the act's entry into force.
- Fifty percent of the shortfall in an expansion project will be covered by the state and fifty percent by the cantons and local municipalities. The funds will not exceed half of the total allowable costs of a project. The cantons are under no obligation to take part in the programme. They can also independently determine how their share is divided between the municipalities and the canton.
- Broadband speeds are already excellent across Switzerland: by 2021, speeds of at least 100 Mbit/s were available to more than 98% of broadband addresses, serving current needs well. In Europe, only Malta and the Netherlands have better coverage at this transmission speed. In the future, however, demand will rise. The best-performing technology in this area is fibre (FTTH, Fibre to the Home).
- Under its fibre-optic network expansion plans, Swisscom aims to equip approximately 57% of Swiss homes and offices with FTTH by 2025 and 75-80% by 2030. Coverage is then set to increase to at least 90% in all municipalities and residential areas of Switzerland by 2035. The funding programme would complement the above independent commercial expansion by Swisscom and other network operators.
- Swisscom is committed to achieving network expansion with the highest levels of efficiency and collaboration. The existence of approximately 70% of the current fibre-optic network is due to cooperation partnerships (as at June 2024). Expanding into rural areas is becoming less and less profitable, which is why finding cooperation partners is increasingly difficult.
- This also means that if, in exceptional cases, there is demand for broadband access outside residential areas and a FTTH connection has not been installed independently either by Swisscom or through the Gigabit Strategy, the building will be connected to the internet using an alternative high-speed connectivity solution (mobile technology in the first instance).

Swisscom's position in brief

- **The Gigabit Strategy is the right approach for meeting the politically driven gigabit coverage requirements that the market is unable to accommodate. Since the deregulation of the telecommunications market, telecoms infrastructure investments have been made in the market by private or semi-private companies. These investments, therefore, had to offer long-term profitability.**
- **Swisscom considers it appropriate that the funding programme be demand-led and technology-neutral. From Swisscom's perspective, mobile coverage should also be eligible for funding, where this option makes the most economic sense for the geographical location in question.**
- **If the funding programme is available between 2031 and 2037 as envisaged, it will coincide with the end phase of the planned market-driven expansion. In this period, the currently anticipated proceeds from the awarding of the mobile spectrum will be sufficient to finance the programme.**

Swisscom's position in detail

- > A powerful digital infrastructure is an important location factor. Gigabit-ready broadband access is part and parcel of this. The reason a large-scale expansion of this vital digital infrastructure is required is therefore clear.
- > Since the deregulation of the telecommunications market in 1998, competition between the private market players has been instrumental in the evolution of the telecommunications infrastructure. Since then, investments in the networks have been made according to business considerations. As a listed company, Swisscom's broadband expansion has to make sound financial sense, and investments in this area must pay off in the long term. The Federal Council cannot impose politically motivated coverage targets on the competing companies (including Swisscom).
- > The funding programme is then appropriate if used to meet politically driven gigabit coverage requirements in areas where the market is unable to accommodate them. The funding programme should therefore complement the market-driven expansion.
- > Keeping sight of the costs and scale of the funding programme, Swisscom considers it prudent for fibre installation not to be compulsory everywhere, but for wireless solutions also to be eligible for funding, where appropriate.
- > It is anticipated that the proceeds from the Federal Council's awarding of mobile radio frequencies will be used to finance the funding programme. This will also be the case even if there is no auction. Swisscom expects to be awarded a new licence in 2027 and 2033.
- > Almost all cantons will benefit from the funding, because the market-driven fibre-optic network expansion will not be completed in full in the majority of cantons. However, the cantons will be under no obligation to take part in the funding programme.

Key parameters and proposed adjustments

In our opinion, the envisaged programme will be able to meet the stated political objectives with a reasonable deployment of funds. We consider the following parameters to be important in this regard:

- > The funding is to be covered by tenders, which will primarily be awarded based on the lowest expansion costs (Art. 8 (1 j)).
- > For the funding programme to function as intended, the extent of the effected, or still to be effected, market-driven expansion must be clear at the time of the funding application. It is therefore appropriate for the programme to start in 2031. Swisscom, for example, plans to complete its modernisation of the fibre broadband network by around 2035.

With regard to the implementation, we consider there to be room for improvement in the following areas:

- > Three years is not long enough for the market exploration (Explanatory Report, p. 27 re. Art. 8 (1 c)). The network operators tend to have longer planning horizons. The market exploration should therefore take into account the planned independent commercial expansion until the end of the programme. Otherwise, it could jeopardise the independent commercial expansion of the network operators, which would continue beyond three years into the future. This would breach the principle of subsidiarity; in other words, the programme would no longer complement the commercial expansion.
- > Implementation of the funding programme should be as straightforward as possible, e.g. in the calculation of the contribution, to minimise administrative effort for all parties involved. We welcome the approach of defining reference values for the economically viable expansion costs per connection.
- > There is also a need for simplicity in the determination of access prices (Art. 14 (2)): the proposed calculation system is unnecessarily complex and would lead to regionally or even locally different regulated access prices in Switzerland. This is counterproductive and may impact competition in the subsidised areas. It would be more appropriate to base the pricing of access services on a) the market prices for the network operator's access services in areas without funding or b) where such prices are not available, to use nationwide average prices (benchmark). This is because the network operators finance the subsidised network themselves up to the profitability threshold, as in the rest of the network area.
- > The criteria for funding the mobile communications infrastructure should not contain such high quality requirements that make it almost impossible to promote mobile communications as a cost-effective alternative technology. The criteria could be adapted to technology development in the future.
- > A prerequisite for funding (Art. 8 (1 i.)) is that the project has been approved under cantonal and municipal building law. This represents a major hurdle for municipalities and project partners, because considerable preliminary work (network planning, construction planning, building applications) is necessary without any certainty that the funding will be approved. This significant hurdle should be avoided. Instead, the disbursement of the subsidies could be dependent on the granting of the necessary permits