From the Chairman of the Committee

Rt Hon Michael Gove MP
Secretary of State for Environment, Food and Rural Affairs
Seacole Building
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5 July 2018

Thank you for your letter of 25 June on broadband state aid rules. This was considered by my Committee on 4 July.

Our original questions during our evidence session of 13 June sought to explore in more detail your statement that European Union state aid rules were preventing the spending of public money to provide improved rural broadband connectivity. I am afraid that your letter of 25 June does not provide that detail.

In particular, we are confused by the apparent contradiction in your statements of 13 June and 25 June. On 13 June you told us that:

State aid is an explicit subsidy to private industry, which, under European Union rules, you are not allowed to allocate. (Q184)

This is different from your letter which suggests that “state aid” can be provided, as long as the EU broadband state aid rules are complied with. Indeed, the National Broadband Scheme already involves the provision of approved state aid.

While we agree that there are many issues which may impede rolling-out broadband in rural areas, we are concerned by this apparent confusion on the part of Defra as to whether and how public money can be spent in this fashion. We would appreciate further clarification of how state aid rules are preventing – rather than merely complicating – the provision of improved rural broadband connectivity. Our reading of your letter of 25 June suggests that much greater market intervention could be undertaken, provided that the political and administrative will was there to do so.

Given the increasing importance of reliable, fast broadband access in ensuring that farmers and other people in rural areas can access Government services, we are keen – as I am sure
you are as well – to ensure that all available policy options are explored. We therefore look forward to your clarification of this matter before the House rises for summer recess.

Yours

Neil Parish MP
Chairman of the Committee