

## **Next Gen '09 Conference**

**Royal Armouries, Leeds, 17 November 2009**

**I am delighted to be here – thanks to *Yorkshire Forward* and *Independent Networks Co-operative Association* for inviting me. I am very excited about the vibrant next generation broadband movement which is emerging across the UK – a patchwork quilt of local and regional projects – public, private and community organisations determined that their communities should be leading, not lagging. It's a tremendously important development – important for our society and important for our economy – and I am particularly pleased to be at this event because I know the people who are making it happen are here.**

**I thought I would start with a little name dropping. This afternoon, I shall be meeting the Prime Minister and Sir Tim Berners-Lee, inventor of the worldwide web, in Downing Street. In September, I took Sir Tim to a meeting of the Cabinet, to brief ministers about the work he is leading for us on putting Government data online and encouraging its re-use. I think the Cabinet was in awe of him – and quite rightly. In the discussion, Jack Straw made the point that meeting the man who invented the worldwide web was a bit like**

meeting the man who invented the wheel. To which Ed Miliband said: *“And what was he like, Jack?”*

But its true, of course, that the web is fundamental. It is opening up opportunities that hardly anyone dreamt of a decade ago. We are determined that everyone should be able to access those opportunities. And that is the passion which is energising this Next Generation Broadband movement.

When I took up responsibility for this brief for the first time, seven years ago, we had half a million broadband connections. Today we have 18 million. In 2002, there were 500 unbundled lines in the UK. Today there are six million. I was on the receiving end of the first ever official 3G video phone call. What a long way we have come in seven years.

For a period the UK was a laggard in development of its digital economy. Today we are at the forefront of efforts in Europe.

We took the view then that our strategy for broadband had to work with the market, with private investors seeking returns within the right regulatory framework. If we had rushed in with subsidies, we would not have delivered today’s competitive. I think that policy was right. But what about the next stage of development?

**Digital Britain**

**Launched in June, *Digital Britain* is an impressive and comprehensive strategy for the sector. It was a big piece of work. I pay tribute to Stephen Carter for his achievement, and I'd like to thank everyone in the industry who helped us shape it. My role now is to implement that vision.**

**It started with people rather than the technology, recognising the importance of a fully engaged population. I applaud the work of Martha Lane Fox on digital inclusion, and of the consortium of stakeholders chaired by Ofcom to target help at those who need it.**

**We think it's important to preserve and foster particular types of content – particularly impartial news. We have said we see the television licence fee as the most suitable source of funding for public service content. The consultation has closed and we are considering our response.**

**In the meantime, we are planning to roll out pilots for news provision in Wales, Scotland and an English region next year. The England football match shown online the other day underlines that TV will not be the only medium that matters in the future.**

**In *Digital Britain*, Government drew together for the first time all the strands, and set out our vision in one place. It gives everyone a clear sight of our thinking, allowing people to act and make business**

**decisions. Transparency can help us all work together to locate the UK at the forefront globally, in communications infrastructure, in content creation and in innovation.**

## **Infrastructure**

**On infrastructure, we are taking three significant and linked steps to boost UK network capability.**

**First, on mobile broadband, the prize from spectrum liberalisation is potentially enormous. But government intervention is needed to get things moving. If we can find a way to release more spectrum and liberalise existing licences, then we'll see faster mobile broadband sooner. I envisage a direction to Ofcom being tabled in Parliament early in the New Year.**

**Second, universal broadband service. In 2002, vast swathes of the country were out of reach of broadband. Today, only about 10% of the country is. Then, we were right to let the market continue to deliver. But with almost all the country now covered, its right to use a familiar concept – universal service – to extend reach to those still without it.**

**There has been some concern that 2 megabits per second is not sufficient for adequate universal coverage. Its a fine judgement. I would underline that 2 megabits is a minimum basic level of service**

**– a safety net. And, in deploying over £200 million we are providing to fund the commitment by 2012, we will want to see next generation solutions being used to fix the not-spots where it makes sense to do so.**

**Third, Next Generation broadband. I was the first minister to make a speech about this, just over two years ago, and I'm pleased by the progress being made. Virgin Media is already offering 50 Mbit/s across its network, accessible to half of UK households, and BT is committed to 10 million homes with Next Generation Broadband by 2012 – a quarter of them with fibre to the home. And CBN, Digital Region, Fibre City are building too. So we are on track to see half of UK households having a choice of next generation service provider within three years.**

**But unlike with first generation broadband, where we delivered with an incremental upgrade to a legacy network, next generation broadband needs substantial investment – it means replacing large chunks of network.**

**The costs are large, and the economics of deployment look difficult. For a long time, purely market-led rollout will not reach more than about two thirds of the population.**

**But this is important. Digital Britain set out the case that, as we emerge from the worst global economic downturn since the 1930s,**

**next generation broadband is going to be key to new jobs. We can't afford to leave a third of the population behind. And we can't afford to wait until our competitors around the world have rolled out their networks before we roll out ours.**

**So we are going to help fund rollout to the final third, with a small levy on phone lines – 50p per line per month – so we can extend Next Generation Broadband to within reach of 90% of UK households by 2017.**

**Nobody likes paying a new tax, but 50p per month needs to be seen in the light of falling telecoms prices. Latest Ofcom figures show that the monthly bill for an average household with fixed line telephony, internet services or both, has fallen by more than 50p – just in the last year. But we will ensure the right exemptions are in place.**

**Its like having a national first class postal service. Everyone accepts its reasonable to pay a bit more for a first class stamp so that the facility is available to people in every part of the country. We are applying that principle to Next Generation Broadband too. And as the Minister at the Treasury responsible for the Finance Bill, its my aim to legislate for the levy this side of the election.**

**The Network Design and Procurement Company**

**Our *Network Design and Procurement Company* will identify how we will deliver the Universal Service Commitment for broadband across the UK, including design of the procurement process, and then will deliver the Next Generation Project. We hope to appoint staff to the company early in the New Year. And, by the way, if you can think of a snappier name for it, please let me know.**

### **Work by Other Groups**

**INCA and community-led broadband projects have a crucial role. Independent local networks, like Digital Region – I know you had a workshop on this yesterday – NYNet [*Nye Net*], Gateshead G-Ti at up to 10 Gbit/s, the Manchester Corridor project, Alston Cybermoor which I visited in its first generation days and which will surprise no one by having the first really rural next generation broadband service, Fibrespeed in Wales – they will all be very important. and its great to see all the entrepreneurial imagination and flair being committed to making these projects happen. The OFCOM consumer communications panel has published a list of around 40 next gen projects under development, and more are being added to the list.**

**We have to be careful that we are not left with stranded assets, or networks offering little or no competition. But the work of INCA, and the Broadband Stakeholder Group initiative on commercial and**

**operational standards will go a long way to prevent this. Your commitment can play a big part in locating the UK at the forefront of the digital economy with a truly world class infrastructure.**

## **Conclusion**

**All this activity shows that the Government and stakeholders are serious in making next generation broadband availability UK wide a reality. It is in Britain's economic interest that we bring next generation to the rest of the UK so that UK citizens and rural businesses can exploit the opportunities next generation access will bring.**

**There will of course be hurdles to overcome but we cannot afford to let them hold the UK back if we want to ensure we are at the forefront of a global economy and I think we have the expertise and imagination to overcome some of the problems. Overall this growing patchwork aims to bring together the public, private and community sectors in a creative dialogue that increases the pace of roll-out of next generation broadband services. And at the same time supports the development of a vibrant digital industries sector offering new services and new approaches that will benefit to all of us as citizens and consumers.**

**We are working to create a 21st century infrastructure for a 21st century society.**

**With that, I will say no more. But if I leave you with one thought, it is that I am committed, and the Government is working hard to deliver. I would like to thank all those in industry and stakeholders for their efforts made so far on next generation access and I hope you enjoy the rest of this event. I am only sorry I am unable to stay to hear the discussions.**

**Thank you.**