

## **ABC CONFERENCE, BEDFONT LAKES, HEATHROW - 28 JANUARY 2004**

### **Keynote: "The Broadband Britain Challenge"**

**Rt Hon Stephen Timms, MP, Minister of State for Energy, e-commerce and Postal Services**

'Revolution at the Edge' is a very apt title. Broadband is both a revolutionary and leading edge technology. It is critical to the long term social and economic benefit of the UK. I am delighted to be here and I would like to do two things today:

- First, to give you the UK Government perspective on broadband.
- Secondly, talk about how I see us moving forward together to address the challenges that broadband brings.

In all this, I attach great importance to what is happening in the many communities around the UK who are working to demonstrate the value of their broadband demand to infrastructure suppliers.

I would like to thank the Access to Broadband Campaign for all the hard work in helping to accelerate the deployment of broadband throughout the UK. The campaign has been an excellent catalyst in bringing together public sector, industry, community and consumer interests around broadband. I strongly support that multi-stakeholder approach. This widespread ferment of innovation and energy at community level in pursuit of broadband has been wonderful and pretty much unprecedented - we would need to look back to the advent of the railways to find anything comparable to the way communities have come together to campaign for access to the new benefits of improved communications.

But why is broadband such an important and emotive issue? Why are so many people here today and so many constituency MPs pressing me with questions in the corridors? Why is my post bag and my e-mail inbox bulging with people demanding access to broadband?

It is because more and more people realise that broadband does provide the means to greater prosperity shared widely, through improved business productivity, better informed consumers with greater choice, and better public services. In its report for the Broadband Industry Group, the Centre for Economics and Business Research, last November suggested that the introduction of broadband could have the same impact on the UK economy as the introduction 80 years ago of

mains electricity. That is the scale of the impact we are talking about and nobody should underestimate it.

We are starting to see now the analysis and the hard evidence from the experience of broadband. It all points in the same direction. At a local level, investments by individual municipalities have been shown to produce significant benefits. The case study which has been prepared of the small 10,000 population community of South Dundas in Ontario, Canada, is illuminating, showing how that community has reversed a decade of declining employment through broadband. We want to see those gains realised on a large scale here in the UK, and all of us at this conference know that we can do it.

### **UK Government perspective on provision of broadband**

I start from the position that the best approach for UK roll-out of broadband is to develop a competitive market. Where companies at each level of the value chain have the opportunity to compete and win business on their merits. When we set our targets for 2005, it was important that our aspirations were driven by the importance of a competitive market delivering customer choice, value for money and the innovation we need to realise the economic benefits of broadband throughout the UK.

In the week, I took up my responsibility for e-commerce at DTI, I recall that our achievements on broadband were being compared unfavourably with those of Croatia! Today, the picture is very different. Broadband networks are within reach of over 80% of UK households and the number of broadband subscribers has risen from 1 million in October 2002 to over 3 million last November. We have overtaken the USA for availability and, for overall extensiveness, we are equal third in the G7 - level with the USA and overtaking Germany.

We want to stimulate competition in the market, interfering as little as possible. This worked for mobile communications where we saw rapid and widespread roll-out of a new communications service. It is a much more effective and sustainable approach than providing generalised subsidies.

We can point to a number of examples of how the market is proving effective and innovative. The demand registration schemes promoted by BT and the cable companies have had a positive impact on investment. We heard recently how BT's scheme has led to availability increasing to over 80%,

well ahead of predictions that were being made even a few months ago. Some of those who have been excluded by distance on enabled exchanges will benefit from the technological investments by BT that extend the broadband reach from 5.5 km to 6 km. That is the kind of innovation that can help meet our national ambitions.

However, I do not need to spell out to you that the national figures, encouraging though they are, are of little comfort in those rural communities without broadband that make up the majority of the remaining communities to be connected.

Current figures show that broadband is available in 51% of market towns, 16% of rural villages and 4% in remote rural areas. Compared to the 99% and 85% in urban and sub-urban areas respectively, it is clear that we face a big challenge over the coming months to connect those more rural areas, who do not currently have access.

Last November, at the Cambridge MIT Institute's Competitiveness Summit in Newcastle, I called for public bodies, broadband providers and community organisations to work together to bring broadband to every single community by the end of 2005 - that is by the end of next year. I was delighted to when BT threw their weight behind this ambition and that others have since done so too. And that should be our aim - broadband in every single community in the United Kingdom by the end of the next calendar year.

## **The Challenges**

A number of alternative technologies are playing an important role. I was impressed by satellite rural broadband projects I visited in Sussex. I was interested last December to hear of a privately driven pilot of satellite and MESH technology in four Shepherd Neame pubs in Kent. One serves the small, isolated North Downs community of Doddington. I commend the local partnerships that made this possible. Satellite is certainly going to be one of the technology platforms which will help us.

Last week, I was in Aberdeenshire and saw both an impressive wireless broadband trial being supported by NTL and hosted by a community trust in a very rural community, and trials of powerline technology at Stonehaven that is delivering broadband to local residents over the

electricity infrastructure. Both of those approaches will, in my view, be part of the solution that we need.

There is also space for more innovation in wireless and new entrants as equipment costs fall and spectrum is released to support broadband. We conducted a successful auction of fifteen licences in the 3.4 GHz band for fixed wireless broadband, between them covering the whole country, and I hope we shall shortly see services based on it rolled out to sharpen competition and to reach new areas not previously served. Last month, Ofcom announced licensing details for the 5.8GHz Band C spectrum, which many were eagerly awaiting. The new licences can be applied for now, and are open to both Internet Service Providers and community groups. The licence cost is just £1 per connected user per year, with a £50/year minimum. The 'light touch' approach that has been taken to regulate this spectrum is an important and welcome indicator of Ofcom's approach, and an encouragement as we work to make the most of the potential contribution of the wireless spectrum for our broadband ambitions.

### **Public sector procurement**

We have a number of Government levers that we can use, and I am determined that we should play our hand to its full potential.

Public procurement is key. People often look at the potential for public procurement to contribute to other goals and, in the case of broadband, I believe we have cracked how to do it. Just over a year ago, the Prime Minister in his speech to the "e-Summit" at Westminster, announced that we planned to bring together demand for broadband services across Education, Health, criminal justice and other public services worth between them over £1 billion over three years. We want, of course, the best value for money for the public sector in making those procurements, but we want also to make the most of the vital contribution, which is within our grasp in rolling-out broadband to those areas where the commercial case has been hardest to make. Nine out of ten rural households are within just 2 km of a primary school that will enjoy at least 2 Mbits/s two-way broadband; six out of ten are within the same distance of a secondary school that will enjoy at least 8 Mbit/s two-way broadband. There is an opportunity here which we need to make the most of.

The 9 Regional Aggregation Regional bodies and the National Aggregation Board are now in place and they will start to use their combined demand and buying power to bring broadband to new and

previously unserved areas. It is going to be a very powerful example of improving private sector delivery - by the service provided - through a framework managed in the public interest by the public sector. Across Government, people will be watching to see what lessons can be learned for other Government activities.

The Regional Development Agencies have recognised the potential of broadband, in many cases in a very imaginative and committed way, and I do pay tribute to their drive and their ambition. They will have spent or committed £235 million on broadband by 2006, to deliver a big improvement in the prospects of their regions over the coming years. Significant effort is rightly being dedicated to demand stimulation programmes.

Increasingly, as percentage availability increases, our attention will be directed at increasing take-up, and encouraging content and application development. As our goals on access are realised, so we need to make sure that we harness the full potential for economic and social gain.

Broadband offers what the Internet has promised for so long. For broadband to really take hold in our lives, more has to be done to stimulate compelling content and applications at home. The technology alone is not persuasive; consumers have to see a marked difference from their current experience. Downloading images faster may not do it for me, but talking to friends while both of us surf a holiday website, view its video clips and plan our next winter break just might. Content and delivery have to match my lifestyle if I am to buy into the technology.

We are seeing some great use of the web by the public sector. Curriculum Online is growing very fast. I was speaking last week to David Edmonds, the former Director General of OFTEL, who is now the Chairman of NHS Direct. NHS Direct Online gets half a million hits a month. A Telewest project putting high quality broadband NHS content online in Birmingham was a big success. Two thirds of Government service are available online now and the rest soon will be. I think we will see education, the NHS and other public sector agencies helping by providing compelling interactive content that will make people want broadband.

## **Rural Broadband**

Alun Michael and I set up the Rural Broadband Unit to provide a more coherent response to the challenge of rural broadband. As you heard yesterday from Alun, our primary objective was to achieve a better co-ordination between our Departments and to help bring a focus to rural

broadband issues in RDAs between their ICT and Rural teams. We want the Unit to accelerate change, to make the best use of available resources and sharpen the focus of supply – and demand-side players. It has been working to identify best practice and to make it better known. A guide to the benefits of community broadband will be published by the Unit next week, and Alun and I will be writing to every Parish Council in the country with a copy.

### **How to address the challenges?**

100% broadband availability is too big a job for any single organisation. It is too big a job for Government on its own. We need all the stakeholders to commit to working together, to pool expertise, enthusiasm and resources to bring the benefits of broadband to every community in the UK. I have seen many examples of excellent partnerships throughout the UK and I want them to be better known.

Next week, I will be at the conference of the **ACTNOW** partnership in Cornwall. It involves the South West Regional Development Agency, Cornwall County Council, Cornwall Enterprise, Business Links, Cornwall College and BT, and has benefited from European Union Objective 1 funding. It has resulted in over 9,000 broadband connections, over 3,000 of them with businesses. The demographics in Cornwall, which is not a rich county, suggest that broadband demand should be low, but actually, thanks to the imaginative way the partnership has set about its task, take-up rates in some areas are amongst the highest in the country - over 20%.

A web marketing business I visited when I was last in Cornwall told me they had re-located from London simply because they knew broadband was available in Cornwall. They have grown faster than they would have been able to if they had stayed in London, which is good news for the national economy, recruiting extra staff locally, which is great news for the local economy. That is the sort of gain we want to be able to realise in every rural community. The lessons have directly contributed to plans for Devon, Somerset and Wiltshire.

**The East of England Development Agency** has developed a sub-regional demand stimulation strategy through a marketing programme and demand registration on a dedicated website. They have helped identify “clusters” of demand that are loosely defined around centres of population. The model is not dependent on existing infrastructure, and has led to hybrid technology solutions that include wireless and satellite to meet the demand. Many local community groups have been set up and a number of rural communities in the region have gained access to broadband as a result.

There are dozens of other examples of partnerships around the UK. It is in my view that Local Authorities are so often taking the lead in extending broadband in their communities, because they are in the position to take the action that is needed.

I warmly welcome a step taken by the Local Government Association. They have produced a Briefing Note on Broadband for Local Authorities following a widespread consultation exercise with Local Authorities themselves. The Note includes a series of questions that councillors should ask themselves as part of their path to better understanding of their potential role in support of broadband access and take up in their communities, as well as information on the benefits that broadband can bring.

**Regional Development Agencies rightly** are ready to work with Local Authorities as the “natural” level at which local knowledge meets availability of resources.

**The Cambridge Ring North East Project (Carnet)** was set up by residents of several Cambridgeshire villages when it became clear they were too remote for ADSL or cable to be viable in the near future. The project is an innovative partnership with a local company that was persuaded that there was a business case for leasing and running a wireless infrastructure on behalf of the villages. Six villages are currently connected with a further nine at the roll-out or registration stage. We need a great deal more of that kind of imaginative, committed community initiative, and local authorities have a vital role.

### **Role of community action and social enterprise**

We are implementing an ambitious strategy for social enterprise at DTI. We have recognised its potential for promoting employment, providing key services where the conventional market has failed to do so and boosting local economic development - so contributing to our key goal of prosperity for all.

What we can see in social enterprises is that many of the most talented people - the most entrepreneurial people - are looking for much more from their work than just a wage at the end of the month. They want to be doing something they can believe in - making our communities better places, improving the environment, tackling poverty. And they want to apply their entrepreneurial skills to those goals - and the results are pretty spectacular.

It is vital that we realise the potential of this. That means helping to start up new social enterprises and helping those already in existence to develop and grow. We want to see the creativity and energy which characterise our entrepreneurial private sector at its best applied to the social and environmental problems which are among the toughest challenges which we face. And I want to see the potential of this movement for delivering broadband realised.

Broadband does have the potential to deliver very large business, social and economic benefits – enhancing productivity, stimulating economic growth, safeguarding jobs and creating new employment. It opens up new ways of delivering key services like education, training, and healthcare.

**The Buckfastleigh Community Network** uses a South West Grid for Learning broadband connection to the local primary school for onward wireless connections to the health centre, town hall and library with further links by radio to other users. There is also a community access centre, “Wave”, where broadband training is given to local people, 80% of them coming back for further sessions. Wave delivers programmes using broadband for Business, Education, Community and Health. Business Link also uses WAVE to deliver one to one business support and seminars. The project is also now trying to make broadband available to the rest of the community on a commercial basis as well as rolling-out broadband to other communities around Dartmoor.

We need to use every available resource to help those whose search for broadband solutions uses the community action route.

### **Community Broadband Network**

I was pleased to join Alun Michael in supporting RuralNet and The Phone Coop in a two-year project to improve the delivery of support for enterprises in this area. The project should crystallise and deliver the experience of successful social enterprises for the benefit of communities around the UK. I wish the Community Broadband Network every success following its launch by Alun yesterday. I gather there have already been over 100 expressions of interest in the CBN since it was announced, demonstrating the scale of its potential.

## **UK Villages**

I am pleased to be able to announce today that the DTI will fund a “Broadband Place” on the UK Villages website. There will be a dedicated broadband ‘space’ on all pages serving the 32,000 communities on that website. Communities will be able to share their advice and experience of broadband and we see the initiative as further extending the availability of trusted advice to communities around the UK.

## **WIFI hotspots in libraries**

I have said on a number of occasions that I want to see every public library a wi-fi hotspot. Every public library in the country is now providing Internet access to the public, in over 90% of cases through broadband. It is an important opportunity to use rural libraries as wireless hotspots for local communities, enabling local people to gain access to the Internet using their own laptops or PDAs. DTI and Resource (the library and museum agency of the Department of Culture Media and Sport) are now planning to run a series of pilots and I attach a high priority to them.

## **Conclusion**

There are tremendous opportunities here. The technology is changing very fast. People’s appreciation of what the technology can deliver is increasing. What I hope we can do – all of us now – is work together to make the most of these opportunities, to get broadband to every community and then to make the most of it for the benefit of our economy and our society.

Thank you.