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Forward looking, innovative and proportionate proposal that will benefit all

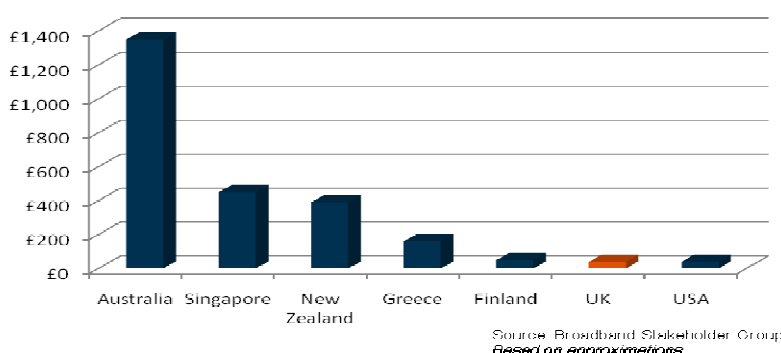
The Broadband Stakeholder Group, the UK's leading advisory group on broadband, believes Lord Carter's proposed Next Generation Fund provides an innovative solution to a problem that governments around the world are struggling to address – how to extend the reach of next generation broadband networks beyond just towns and cities.

"The challenge is to find the intervention sweet spot, not so much as to be heavy handed and not so little as to be ineffective. This intervention could be just enough to incentivise investors in areas that would otherwise be considered commercially unviable," comments Antony Walker, Chief Executive of the Broadband Stakeholder Group.

These proposals set out a smart and proportionate approach to ensuring that families, businesses and communities across the UK have access to the broadband they need now and will need in the future.

They are smart because they recognise the wider national financial constraints and take the pressure off public finances. They are proportionate because they only address areas where commercial interest is unlikely. As a result the scale of the intervention is *smaller* than in other markets we have seen around the world.

Cost of interventions per household



“The cost to consumers is relatively small: less than the price of one cinema ticket per year. But the scheme would generate sufficient funds to tip the balance of investment in many areas that would otherwise face an indefinite wait for next generation broadband,” says Walker. “This is the kind of forward looking, innovative and proportionate response that the BSG has been calling for over the last two years.”

How would it work?

“Our initial assessment is that the 50p levy could generate around £150 million per year, or around £1billion over seven years. We believe this funding could ensure that many of the 8 or 9 million homes that are otherwise unlikely to be served in the medium to long term get next generation broadband. When you look at a map of Britain you can see that these households are not just in remote areas, in fact they are all over the country – we are talking about the edges of towns as well as villages and the countryside - and make up a third of all UK homes,” continues Walker.

The Fund is not intended to cover the full cost of deployment in rural areas, but to provide sufficient additional funding to make areas that would otherwise be uneconomic more attractive to investment. Both existing players and new entrants would be able to bid for the funding to support investment in these locations. The benefit of putting the fund in place now, is that companies, local authorities and even local communities can start planning and developing new solutions that should mean that next generation broadband deployment is extended in the most effective and efficient way possible.

Return on investment

Walker adds, “Our analysis shows that the Next Generation Fund would be worth around £1 billion by the end of the scheme in seven years time. There are several ways of measuring society’s return on investment for this money including improved healthcare, better access to education, greater employment, innovation within SMEs. We believe that even if you looked at just one of these areas alone you would see a return that will justify £1billion of investment in the medium to long term

However, these returns won’t happen automatically and the next challenge for government and industry is construct and implement the Next Generation Fund effectively. It will be important to ensure that it is both pro-competitive and supports technology neutrality, in line with the market.”

Notes to editors

The benefits of next generation broadband to the UK

Britain is on the cusp of a step change in broadband over the next decade that will be even more transformational than the shift from dial-up to broadband that we have witnessed over the last 8 years. But the costs involved mean that low-density areas would be the last to benefit unless additional measures are put in place to underpin market deployments. This would lead to real problems, not just for the families, businesses and communities that were left out, but for the wider economy as a whole. It is better to have a clear and proportionate plan in place now than to wait until businesses and families start moving out of rural areas because they can't access the services they need.

The network effects mean that the more people you have on the network, the more everyone benefits. A national next generation broadband network will have wide ranging benefits. For example it will provide a platform for better and cheaper public services, but it will also enable new services that could transform the quality of life for elderly people living alone at home. But most importantly, next generation broadband will enable the kind of innovation and productivity growth that will be absolutely crucial to maintaining the UK's competitiveness in the fast changing global economy.

The benefit for consumers and businesses

The pace and scale of innovation in new online services and applications is likely to increase over the next ten years and to extend into almost all walks of life. Lord Carter's proposals should mean that families, businesses and communities right across the UK will be able to benefit equally and to fully engage in the growing global digital economy regardless of location.

About next generation broadband

Next generation, or superfast, broadband refers to new or upgraded networks in the last mile (between the exchange and the home or business) that will allow substantial improvements in broadband speeds, both download and upload, and quality of service compared to today's services. This is most often used to refer to laying fibre optic cables either part or all of the way to the home, but it can also be based on a number of other technologies including cable, fixed wireless and mobile.

About the Broadband Stakeholder Group

The BSG was established as a cross-sector government advisory group in 2001 to help the UK lead the G7 in broadband penetration and connectivity. It provides a neutral forum for collaboration between organisations across the converging broadband value-chain with the ultimate aim of helping to create a strong and competitive UK knowledge economy.

It aims to be a critical friend of government and the regulator, and comprises companies from the telecoms and technology sectors through to content providers and rights holders. It also has direct representation from government departments and Ofcom. It is funded through a combination of government funding and industry sponsorship.

The BSG focuses on strategic, medium- to long-term challenges, which have latterly included next generation access networks, predicting future bandwidth requirements, digital inclusion and self- and co-regulation in the audiovisual media market.

For more information, including additional graphs in high-resolution format, please contact:

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