

No aid for next-gen network firms

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Amsterdam's ambitious internet plan

There is no need to use public money to bankroll next-generation broadband in the UK, says a report.

The six-month long review of the UK's readiness for high-speed net access said the case for government intervention was "weak".

The review said there were "promising signs" that the market was already delivering high-speed broadband.

But, it said, the government must oversee initiatives that will smooth the route to high-speed access.

Speed boost

"There is little evidence that in the short term the UK is going to suffer from the lack of an extensive next generation access network," said review author Francesco Caio as he unveiled his conclusions.

Rather than hand over public money to telecoms firms that will be laying fibre-optic cables to homes and businesses, Mr Caio said the government should ensure the regulatory regime encourages firms to take the financial risks themselves.

Next-generation broadband would boost the speed of connections to 100 Megabits per second (Mbps) and beyond.

In the UK the average speed of high-speed fixed line net access is 3-4 Mbps - but this fluctuates widely depending on where people live. Telecoms firms will boost speeds by replacing ageing copper cables with fibre that use light to carry data.

But this city is betting that it will be cheaper to get into the fast lane now, rather than wait and see the costs of the labour to dig up all those roads - and canals - rise later.

Rory Cellan-Jones

The cost of putting in a basic next-generation broadband is likely to top £5bn according to analysis by the Broadband Stakeholder's Group. Laying cables to every home and business could push costs to £28bn. Mr Caio said BT's plan to spend £1.5bn on laying fibre and Virgin's plans to improve its network were "promising signs" that the UK was on track to update its broadband infrastructure.

However, a report from net firm Cisco suggests that the UK's net infrastructure is already falling short of what users want to do with it. Cisco drew up a net quality index which looked

at whether the infrastructure was reliable enough to become the bedrock for existing or future web-based services and applications.

"Notably the UK, Spain and Italy didn't cut that threshold, even for today's applications," said Fernando Gil de Bernabe, a spokesman for Cisco.

The government's role in next-generation broadband should be to support local groups keen to signal their interest in getting high-speed access. It should also relax rules that stop high-speed access being offered via overhead and work with building firms to ensure all new build homes have next-generation access.

Antony Walker, head of the Broadband Stakeholder Group, said although the report ruled out substantial subsidies it did charge the government and regulator Ofcom with significant duties to make sure next-gen broadband took off.

"The government needs to come off the fence about next-generation broadband and be very clear that it thinks it is of real, fundamental importance to the UK economy for the next 5-10 years," said Mr Walker.

The government needed to adopt a leadership role to create the right environment for next-gen broadband to take off, he added.

It was very unlikely that any single telecoms firm would be wiring up the whole of the UK for fibre. Instead, he said, different firms would upgrade different parts of the UK.

"Making sure that patchwork fits together seamlessly - that's where government and Ofcom have a role to play," he said.

Also, he said, the government and Ofcom should get behind the local initiatives that will try to take high-speed broadband to rural areas. Backing such schemes would help stimulate demand in areas where some firms may have been reluctant to upgrade cables, he said.

"Demand stimulation initiatives are going to be very important and in many areas will make a significant difference," he said.

The review was kicked off on 22 February 2008 by Business and Competitiveness Minister Shriti Vadera.

It aimed to find out what the government should do to ensure next generation broadband technology does get rolled out in the UK in a timely fashion.

The review was tasked with discovering what, if any, barriers existed that would stop firms taking on the financial risk of investing in the technology.

The government said it would respond to the review and its recommendations in "due course".

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