



department for
**culture, media
and sport**

Open letter to all those who work in fixed or mobile communications, television, radio, online publishing, video games, and other digital and creative content industries. We would also welcome the views of bodies representing the interests of consumers, citizens and businesses that trade online

16 May 2011

A Communications Review for the Digital Age

The Government is embarking on a wide-ranging review of the regulatory regime for the UK communications sector, to ensure the regulatory framework in place is fit for the digital age. Our ambition is to establish UK communications and media markets as amongst the most dynamic and successful in the world, with the review process culminating in a new communications framework by 2015, to support the sector for the next 10 years and beyond. To help realise this ambition, we would like to begin the review by opening a dialogue with all those interested in the issues involved, and gather views on some specific questions posed in this letter.

As we are only in the initial phase of this work, we have designed our approach so it is not overly prescriptive, and this is reflected by the type of questions we are asking. At this stage our intention is to keep an open mind about potential outcomes and also about the mechanisms we should use to deliver these outcomes. A new Bill is the end point of whole process, but we are willing to take action sooner where primary legislation is not required.

This is a significant agenda and is at the heart of the Government's wider policy set out in the recently published Plan for Growth. The aim is to put the UK on the path to sustainable, long-term economic growth. With your help, we can ensure that a balanced and proportionate system is put in place, which supports growth not only in the communications sector, but in the economy as a whole.



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A regulatory framework suitable for the digital age and properly oriented towards growth is required in order to take account of the rapid pace of change in new communications technologies in the last few years. The UK is already a world leader in the broadband and telecommunications market, ahead of Germany, Japan and the US in terms of broadband penetration (at 70% of households), and the availability of an enhanced 3-G service for mobile data transfer at 87% of the total UK population. We want to ensure we have the framework in place to enable further success and promote healthy competition and growth in this innovative sector.

We need to adopt a flexible solution to this challenge. A deregulatory approach that deals with these developments to the benefit of both consumers and citizens, and also industry, is the aim. Though the focus in this letter is on the growth aspect of the review, the wider public interest will always underpin our approach to how any issues are addressed. We remain committed to the principle of independent regulation and will ensure that Ofcom has the right powers and duties to work in a way that gives businesses confidence in the regulatory system.

The questions we are asking today will assist us in gathering ideas and evidence to help frame the Government's initial approach to deregulation and maximise the communications industry's contribution to economic growth. Many of the questions posed will be familiar to you, but I hope that looking at these issues through the lens of economic growth will enable us to arrive at solutions that work for the communications industry, consumers, citizens and UK plc more generally.

We are exploring the issues under three key themes, though we recognise there is significant overlap between the issues that relate to each. These themes are:

- Growth, innovation and deregulation
- A communications infrastructure that provides the foundations for growth
- Creating the right environment for the content industry to thrive

Growth, innovation and deregulation

Competition in communications markets can be the basis of choice, innovation and value to consumers. Our aim is to make the UK communications and media markets more competitive globally and, applying the Government's recently published Principles for Economic Regulation, we would like to examine how this can be delivered for the digital age to take account of rapidly changing business models and to help foster innovation.

Reviewing the existing regulatory regime to ascertain if it is as effective as it can be in supporting our policy objectives on areas such as media plurality and the advertising market is an aspect of this work. We will focus on such matters, together with emerging considerations, in greater detail as this review develops, but at this stage we would like to begin with establishing your views on the broader principles set out in the questions below.

Q1. What could a healthier communications market look like? How can the right balance be achieved between investment, competition and services in a changing technological environment?

Q2. What action can be taken to facilitate greater innovation and growth across the wider competition regime, and how can deregulation help achieve this?

Q3. Is regulatory convergence across different platforms desirable and, if so, what are the potential issues to implementation?

Q4. What barriers can be removed to facilitate greater exports and inward investment and make the UK more globally competitive in digital communications?

A communications infrastructure that provides the foundations for growth

In an increasingly digital world, we rely on mobile and fixed line phone services, e-mail and the internet. Efficient management of both the spectrum and broadband infrastructure supporting the effective delivery of these services underpins growth in the communications market.

The Electronic Communications Framework is the European-wide regulatory framework that covers all transmission networks and services (including access) for electronic communications. The Framework was originally agreed in 2002 and revised in December 2009. The Government is currently implementing those revisions. The intention is to enhance competition in the communications sector, in part through further liberalising spectrum markets, and to reduce the regulatory burden to help create the conditions for growth and innovation.

We are also aiming to have the best superfast broadband network in Europe by 2015. Our approach is a combination of targeted financial support with £530 million available up to 2015 to support broadband rollout and regulatory and policy interventions aimed at reducing barriers to private investment in superfast broadband networks. These were set out in "Britain's Superfast Broadband Future" published on 6 December 2010.

Outside of the scope of the Framework and separately from the work taking place on the superfast broadband network, we are looking to test the objectives of spectrum policy. This work recognises that the rapid increase in demand for data rich services means there are competing and varying demands for its availability. How spectrum is regulated is therefore fundamental not just to the communications sector, but to the wider economy. The questions below are intended to provoke discussion and frame our developing work on spectrum management issues.

Q5. What further market and regulatory developments would lead to widespread take-up of superfast broadband? What regulatory action would government need to take to make superfast broadband more readily available in a) urban areas; and, b) rural areas?

Q6. What are the competing demands for spectrum, how is the market changing and how can a regulatory framework best accommodate any rapidly changing demands on spectrum and market development?

Q7. How should spectrum be managed to deliver our growth objectives whilst also meeting our policy objectives of furthering the interests of citizens and consumers in relation to communications matters?

Q8. How should the UK engage on an EU/International level in relation to spectrum?

Q9. Is the current mix of regulation, competition and Government intervention right to stimulate investment in communications networks?

Creating the right environment for the content industry to thrive

People can currently access a wide range of quality content and services through a growing variety of, increasingly, digital platforms. Our aim is to drive the growth of UK content production across all platforms.

We want to ensure that, as the market changes, we are best placed to lead the world in generating new and innovative content which is valued by UK citizens and accessible to all. The Hargreaves Review of Intellectual Property and Growth, to be published shortly, will set out proposals aimed at stimulating economic growth across the economy, including content creators and distributors, through the IP system. The response that the Government will make to the Hargreaves Review will set out our overall policy for IP, which can then form the foundation for any reference to IP issues by the Communications Review.

The public policy challenge is to apply a coherent set of principles to the continuing convergence of content provision, deregulating where necessary in order to achieve the right balance between appropriate protection for the public while enabling rapid innovation, better services and sustaining freedom of expression. The questions below provide a broad context for our approach and we would appreciate as much detail and verifiable data as possible included in any responses.

Q10. Are there disproportionate regulatory barriers to investment in content? If so, what are they and how can increased investment in UK content production be encouraged?

Q11. Should the core focus of public service broadcasting be on original UK content?

Q12. What barriers are there to innovation in new digital media sectors, including video games, telemedicine, local television and education?

Q13. Where has self- and co-regulation worked successfully and what can be learnt from specific approaches? Where specific approaches haven't worked, how can the framework of content regulation be made sufficiently coherent and not create barriers to growth, but at the same time protect citizens and enable consumer confidence?

Your replies

I would welcome responses to this letter by **30 June 2011** and look forward to your ideas and positive suggestions for improvement. Arguments or proposals for changing the current system of regulation should be accompanied by strong and persuasive evidence. We would also welcome verifiable data relevant to your arguments giving examples of current models of regulation or self-regulation that either work well or are as not as effective as they should be. Evidence should be concise, with submissions no longer than 4-5 pages long if possible.

In addition, if you are aware of existing policy papers or relevant research that would contribute to our thinking then please send them to us. For example, you may wish to draw on evidence that you have offered to the Digital and Creative Industries or Intellectual Property Growth review, or any analysis of future market trends and international sector comparison data with which you are familiar. We would also like to hear about how the relationship between the three themes affects their development and how this will change over time as platforms and services continue to develop.

Evidence collected will be used to inform the development of a Green Paper and, following publication, there will then be a long period of consultation with a view to producing a White Paper and Draft Bill by April 2013.

In addition to this call for evidence, at the start of July Government will also be inviting comments on specific pieces of regulation as part of the Government's flagship Red Tape Challenge. As part of this exercise businesses will be able to comment on the regulation which affects their particular industry as well as rules, around things like equality and employment that cut across all sectors. Where appropriate we will make the links between these pieces of work.

I look forward to hearing your views and hope this will be part of an ongoing dialogue with you on these key issues.

A handwritten signature in blue ink that reads "Jeremy".

Jeremy Hunt
Secretary of State for Culture, Olympics, Media and Sport

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