

#### **CHECK AGAINST DELIVERY**

# Speech by Secretary of State, Rt Hon. Jeremy Hunt MP

Oxford Media Convention – Wednesday 19 January 2011

### Introduction

H.G.Wells said, "Adapt or perish, now as ever, is nature's inexorable imperative".

Our media sector knows this well.

We are having to adapt to a pace of change that would have been unthinkable only 20 years ago.

Back then, there was no world wide web. Today 70% of UK households subscribe to broadband and 30 million use the internet every day.

15 years ago *Google* was nothing more than a research project for two students at Stanford. Today it's the country's most popular site across every single age group.

10 years ago there was no Facebook and no mobile internet. Now we all clutch our mobiles on the go, with Facebook accounting for half of the time we spend using them online.

And 5 years ago there was no *Twitter*. Today the Iranian authorities consider it a threat to their regime – a force for freedom that even the most hardened cold war warriors could not have predicted.

The UK media sector – responsible for some of the most vibrant newspapers and highest quality television in the world – is right in the eye of this storm.

Get it right now and our economy, our democracy and our country will emerge stronger and more successful than ever.

Get it wrong and a great British industry could be destroyed.

# A platform for success

But despite the warning, my message today is that we have a real platform for success.

We are the largest creator of digital content in Europe – by some measures the largest in the world.

Our digital and ICT sectors now contribute 10% of our GDP. Our creative industries are on track to grow at double the rate of the wider economy in the years ahead.

And when it comes to e-commerce, we are the nation with the highest *per capita* spending online.

We punch well above our weight. And not, may I say, with any particular thanks to the government.

Rather it is the energy, enthusiasm and passion of countless creative pioneers and entrepreneurs who have driven forward this success story.

As John Gardner put it, "The best thing we can do for creative people is to stand out of their light".

Let me highlight two key trends that will come to define the success of our digital and creative industries in the years ahead.

## More global

The first is that these industries will become even more global.

Kofi Annan said that "Globalisation operates on internet time".

Today some of the world's largest and most successful businesses are those that have moved quickly to expand into fast-growing markets overseas.

Think of the global success of our TV formats – like *Strictly*, which last year became the most successful reality TV show format in the world, watched by more than a billion people in 38 countries.

Or our music industry, where – thanks to the international success of artists like Florence Welch or Lily Allen – more than 1 in 10 albums sold in North America are now by British acts.

Or our video games industry, now generating around £2 billion in global sales.

The biggest gains right now are going to companies that combine high quality with global reach.

Nor is it just geographical boundaries that are melting away. It is also the boundaries between different formats.

On Christmas Day I read the first ever Christmas Day edition of *The Times* on my Ipad. Increasingly, newspapers, television, video, and music are crossing platforms in a totally seamless way.

Nearly a third of all households with internet access already use it to catch up on TV. Last year, the number of viewing requests on *iPlayer* almost doubled to reach 93 million.

This year will see the launch of *YouView* along with the roll-out of new and upgraded video and web-on-demand services from Sky and Virgin Media – the first mainstream IPTV services that could eventually bring the chaos of the internet into our living room.

These are revolutionary technologies. And they are helping to send out a signal that, when it comes to innovation in a rapidly globalising world, the UK wants to be first and wants to be best.

#### More local

But here's the irony. Just as technology drives globalisation, it also drives localisation. And consumers want both.

Look at how Mappa Mercia's gritting map helped local communities in December's snow.

It allowed people from all over Birmingham, Walsall and Solihull to plan their Christmas journeys by checking which roads had been gritted.

Or sites like *MyTunstall* in Stoke-on-Trent which encouraged local people to band together to help clear roads and pathways and make it easier for everyone to travel around.

Or the hyperlocal blogs that covered everything from school closures to the disruption of rubbish collection services.

It is easy to be patronising about these hyperlocal services. But take a look at the evidence about what consumers truly value.

8 out of 10 people in this country consider local news important.

'Focus on the local area' is consistently ranked as a high priority. And nearly 7 out of 10 adults feel that the 'localness' of stories is more important than them being professionally produced.

Our vision of a connected, big society is one in which we really do value the local as much as the national or international.

And local television is one area – perhaps the only area – in which our outstandingly successful media sector has been outstandingly unsuccessful in responding to consumer needs.

The painful truth is that we probably have one of the most centralised media ecologies of any developed country.

Think about Sheffield, Bristol, or Birmingham – all major cities that don't have a single local TV station between them.

What is good enough for Dublin or Galway, Lyon or Marseille, Catalonia or Calgary, is certainly good enough for us.

And if we want to be the best, we should settle for no less.

## Government action

There is much work to do to make this happen.

Despite the economic crisis we inherited, we have not wasted any time.

We have responded to the need to have world-class infrastructure in place by announcing a detailed action plan for building the best superfast broadband network in Europe.

Our ambition is that every community in the country should have access to a fibre point – rather like a "village well".

And to make it happen we have increased the amount of public investment committed to this from £200m when we came into office to £830m.

We have announced a second wave of superfast rural broadband projects – to add to those in Cumbria, North Yorkshire, Herefordshire and the Highlands.

We have launched plans for an East London Tech City as part of the Olympic legacy.

We have worked with Ofcom on plans for opening up BT's existing infrastructure to other investors.

And we are working with both the utility and telecoms sectors to find ways of bringing down the costs of investing in new, fibre-optic networks.

But as well as world-class infrastructure, we know that we also need a world-class regulatory regime that encourages investment in creativity, quality and choice.

And an innovation-friendly environment for intellectual property that protects the rights of creators without preserving current business models in aspic.

### A new Communications Act

That's why I am today announcing two things.

Firstly, the start of a thorough review of media and communications that will lead to new Communications Act.

It is now seven years since the last act – a long time in today's fast-paced environment. Now is the moment to make sure we have the most modern, innovation and investment-friendly legal structure in place.

One that will allow our digital and creative industries to move to the next stage, and to play their fullest possible role in promoting competition, innovation and economic growth.

So we need to hear from the industry.

Over the next few months we will be coming to talk to you; asking for your answers to the key questions that need to be addressed.

I want to hear how a new Communications Act can create regulatory certainty.

The certainty that people need to continue to develop and invest in the high-quality technology and content that is made here but enjoyed by consumers all over the world.

I am prepared to radically rethink the way we do things.

To take a fresh look at what we regulate, whether we regulate, and how we regulate. To consider whether there are areas we might move out of regulation altogether. And to think hard about what we mean by public service content.

As parents we want programmes to be suitable for our children. As citizens we want impartial news. And as consumers we want high-quality programmes we know and trust.

Whether we're watching a broadcast live or though catch-up services, via a TV or a computer, it's the content that matters, rather than the delivery mechanism.

So should it continue to be the case that the method of delivery has a significant impact on the method of regulation? Or should we be looking at a more platform-neutral approach?

What do we need to do to help our businesses grow and evolve between now and 2025? Where can regulation help and where is it a barrier? What can we do collectively to enhance the whole UK market?

This is not about tweaking the current system, but redesigning it – from scratch if necessary – to make it fit for purpose.

On the basis of what we hear from you, we will publish a Green Paper at the end of the year that will set out the full scope of a Bill.

One that will be put in place in 2015 and that will last for at least a decade.

## An action plan for local TV

That's for the longer term. But there's one problem that we're not prepared to wait any longer to put right – namely the lack of opportunities for local voices in our broadcasting sector.

So the second thing I am launching today is an Action Plan for Local Media – building upon the excellent report that Nicholas Shott produced last month to help us understand how local TV can be commercially viable in the UK.

Let me take this opportunity to thank Nicholas and his panel for the extraordinarily thorough work they did.

They explain clearly how, in the longer term, IPTV offers vast potential for the distribution of local television services. So any local TV solution will need to offer a smooth glide path to that IPTV future.

Our vision – recommended by the Shott report and broadly supported by Ofcom analysis – is to start with a network affiliate model based around a new, network DTT channel with guaranteed opt-outs for local services.

And to make this vision a reality I am today inviting existing and new media providers to come forward with suggestions as to how this network channel – or local TV "spine" – could work.

At the same time, we will implement a new licensing regime to foster the creation of local TV services whose output will be carried on this new channel.

And we will be looking to secure multiplex capacity for it, as well as prominence in the electronic programme guides.

What this will mean for consumers is a new channel dedicated to the provision of local news and content.

One that will sit alongside other public service broadcasters, offering a new voice for local communities, with local perspectives that are directly relevant to them.

So I am inviting all potential providers to register their interest with my department by March 1<sup>st</sup> – with the formal process scheduled to begin early this summer.

In the initial DTT phase, Nicholas Shott's report talked about local TV being viable in 10-15 of the UK's major cities. Greg Dyke has recently said that he believes the potential is even greater.

I want to allow the market, not ministers, to resolve this question.

So we will not be prescriptive. We will wait for the necessary technical assessment to be completed and we will listen to the commercially-viable proposals that come forward.

Our goal is to be able to award the relevant licences by the end of 2012, and for local TV to be up and running soon after.

#### Conclusion

Shakespeare wrote, "We know what we are, we know not what we may be".

Dare I say that Clay Shirky put it better more recently when he said: "That is what real revolutions are like. The old stuff gets broken faster than the new stuff is put in its place".

All we can do is remind ourselves that our success in the past has come when we have faced up to change and not run away from it.

We cannot possibly know what that success will look like in ten years time.

But we can be sure that it will depend on taking what we do well, and using it to do what has never been done before.

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