

**Response to
Digital Britain
BIS:DCMS**

from

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The Campaign for Press and Broadcasting Freedom was established in 1979. It is the leading independent membership organisation dealing with questions of freedom, diversity and accountability in the UK media. It is membership-based, drawing its support from individuals, trade unions and community based organisations. Since it was established, it has consistently developed policies designed to encourage a more pluralistic media in the UK and has regularly intervened in the public and political debates over the future of broadcasting in the United Kingdom. The Campaign has submitted responses to the Culture Media and Sport Committee for their inquiry on Public Service Media Content, to the DCMS on their report on sustainable news, and to numerous Ofcom documents, including its Digital Dividend Review; its consultation on Press Regulation and its reports on Public Service Television.

General Comments on the Report

1. This Report was commissioned by both the Department for Business, Innovation and Skills and the Department for Culture, Media and Sport. It clearly reflects a tension between commercial interests and the social and cultural priorities which it considers (including local and regional news, public service programmes and broadband access for those currently excluded). In maintaining this balance, we think it is unacceptable that the solutions proposed place no burdens on the commercial players in the burgeoning digital markets – the ISPs, cable, satellite and telecommunications companies who will all benefit from the expansion of broadband. Rather it is the public who, directly or indirectly, will pick up the tab.

2. We recognise the centrality and importance of digital communications and support the pledge that all Britain should have access to high-speed broadband by modernising and upgrading our infrastructure. However,

2a. The aim to provide universal access to a minimum data rate of 2Mb per second by 2012 is not a very ambitious target, considering it can already be delivered to 90 per cent of the population. In large areas of the country we are likely to see the present operators delivering slower broadband speeds through existing copper and aluminium pipes, with mobile broadband filling the gaps. The ambition pales when we look at international comparisons. Australia, for instance, has announced a £21bn plan to provide fibre networks directly to 90 per cent of homes and businesses in the country over the next eight years, at an average cost of around £2,700 per home

passed. The other 10 per cent, mainly houses in rural areas, will be served by wireless technology. The eight-year project is a joint venture with industry, but the government retains majority ownership of the investment body.

2b. We are convinced that *Digital Britain's* aim cannot be achieved by the private sector alone. The Report is couched in the language of the competitive market-place. It states that the UK "will achieve wide-scale next generation coverage first through market-led investment, and to a smaller degree, through targeted intervention." (Chapter 3a para 47). Its core philosophy is that broadband access will be delivered through a laissez-faire, market-led regulatory regime. However, to develop a modern digital fibre-optic infrastructure, we need interventionist policies and a clear statement of public commitment to the universal provision of digital accessibility.

3. We welcome the aim to address the 'digital divide' and issues of social exclusion through education at all levels. Even if the objective of getting broadband into every home is achieved, it is important to establish a programme to secure take up by the elderly and others on low incomes who are currently the lowest users. Support and back-up is needed as well as education.

"Public service content"

4. *Digital Britain* recognises that a market free-for-all needs to be moderated if public interests are to be served, and makes a clear case for continued strong intervention to deliver 'public service content' (Chapter 5 para 9). We support this position.

5. We note the focus on 'content', which will come 'from multiple providers on multiple platforms' rather than channels or broadcasting organisations (Chapter 5 Heading). The implication is that television broadcasting will diminish in importance. The Report states that its "analysis and prescriptions are more likely to be effective if they start from the premise that the structure and the set of entities which have been collectively known as 'Public Service Broadcasting' are over" (Chapter 5 para 8). Nevertheless, issues around television have been at the centre of a great deal of the comment and debate generated by this Report, and it is the immediate future of television which chiefly concerns the CPBF.

6. The report acknowledges that "it is not yet clear at what point technology and users will cross over from an environment where content is consumed passively through the linear schedule to one where content is consumed actively through search and on-demand" (Chapter 5 para 4). However, "measures set out in this Report will accelerate the not-distant point when that occurs" (Chapter 5 para 4). Assuming that television does not have a long-term future, means that there is a lack of will power behind the Report's consideration of support the existing broadcasters - in particular ITV and Channel 4.

7. In addition, if those 'entities' which contribute to 'public service broadcasting' disappear, the role and definition of 'public service broadcasting' is itself in jeopardy. 'Public service broadcasting' in the UK has long included a broad swathe of programming, including entertainment as well as education and information, and it has been delivered by commercial as well as publicly-funded organisations. Much research, including that conducted by Ofcom, has demonstrated that this eclectic mix is highly valued by audiences. However, *Digital Britain* does not address this wider meaning of 'public service'. It seeks to accelerate a future in which those genres which have been designated as 'public service content', however important in themselves, will have very little bearing on what is happening elsewhere in the

system. Against this background, 'public service' appears no more than an optional add-on within a market-driven free-for-all.

8. In the Report 'public service' becomes equated with 'publicly funded', which means that

a. the requirements on commercial broadcasters, particularly ITV, are abandoned. Commercial companies have no obligations, either legally or in the moral consensus (Chapter 5 para 5). and

b. the established principle of different types of funding is abandoned. This has led to the contentious proposal that money from the BBC's licence fee should support rival broadcasters.

On the BBC and its competitors

9. As in many Reports from Ofcom, the DCMS and other bodies, *Digital Britain* insists that the BBC is at the centre of public service provision. However, despite lip-service, the BBC's right to its unique funding from a licence fee paid by viewers is undermined by the proposal to use the £130m granted to the Corporation to assist with digital switchover, to fund other public policy concerns.

10. We do not think there should be a contestable element to the licence fee, but would suggest that there is another way of funding other channels committed to public purposes. Two unions, BECTU and the NUJ, commissioned the Institute for Public Policy Research (IPPR) to look at alternative ways to raise funds to ensure that public service programming is available beyond the BBC. The IPPR proposals include a levy on mobile phone profits and on the excess profits of those broadcasters which have no obligation to provide any public service content, such as Sky and Virgin.

11. We strongly support the argument, made in many previous reports that there should be a plurality of provision. It is of democratic importance that there is a powerful organisation to provide competition for the BBC, as ITV has done since the 1950s. We also emphasise that the strength of the established system is that the providers have drawn on funding from different sources. In this context, we argue that both ITV and, particularly Channel Four, could make a contribution.

12. We regret that Channel Four, which, in Ofcom's review earlier this year had been seen as the centre of a 'new entity' which could balance the BBC, is now simply encouraged to 'explore joint ventures' as none of the suggested funding options to support it in the new environment appeared to be viable (Ch 5 para 56).

On news provision and the proposal for IFNC's (Independently financed news consortia)

The Campaign made the following points in its response to the DCMS, "Sustainable independent and impartial news: in the Nations, locally and in the regions" (London, DCMS, June 2009) which are relevant here:

13. The Campaign supports the provision of plural, impartial sources of news in the Nations, locally and in the regions. News services which compete with the BBC and local news providers are essential to developing plurality. The Campaign, however,

does not agree that this matter can be viewed in isolation from the provision of non-news programming.

14. Public service content has always required public intervention (1954 Television Act) or publicly sanctioned funding (licence fee, monopoly of TV advertising). Thus, if there is to be plurality of news in the nations and regions, news that is impartial, high quality, independent and universally available, then public intervention is needed.

15. The Campaign opposes the use of the BBC's licence fee to support IFNC's. Using the licence fee will set a major precedent. The fact that is part of the 'digital premium' and not the 'core' of the fee is not relevant to the argument. The political precedent will be set and there will be more calls in the future from those who have interests in getting their hands on the money or undermining the BBC as the centre of UK public service communications.

16. ITV is well positioned to play a major part as a commercial, cross platform distributor and producer of programming with the bare minimum of public service requirements. It still has a massive reach across the UK; it has a reliable and prominent brand; it has strong and growing digital channels; Ofcom has not acted vigorously enough in seeking to enforce ITV's contractual obligations.

17. The problem of news and non-news programming in UK TV has arisen because of the policy context within which ITV has operated since the 1990 Broadcasting Act and in particular since the 2003 Communications Act. The media regulator, Ofcom has allowed ITV to successively withdraw from its overall obligations to the public, in the name of preserving ITV's commercial position.

18. ITV should be required to state whether it is prepared to fulfil its present obligations and to return them as soon as possible to former levels. If it does not want to do that, Ofcom should use its powers to re-advertise the contracts, with a new set of criteria, with a raft of public support for the medium term and with terms that guarantee transfer rights to the staff to the new franchisee. Any new provider should be commercially funded but organised as a non-profit making trust. This, or some similar option, should be a matter for serious consideration by the government. It has the merit of dealing with the problem in a rounded fashion, rather than the limited way proposed in the IFNC proposal.

19. Ofcom has already identified a number of regulatory options (spectrum charging, EPG position, advertising minutage, etc) but there are other options that could be explored to see how they could help fund the development of public service content.

20. ITV's brand and its archives were created with the aid of public support (access to spectrum and advertising monopoly). The government should investigate ways of bringing some of the future profits from those two sources back into the system. We expect that the BBC's archives and brand should be used in the public interest and this should also be the case with ITV.

21. As we predicted many years ago, the independent production company sector has moved towards consolidation with a few very big companies dominating the market. As well as undermining the thinking behind the quotas imposed in the 1990s, where one idea was the need to promote diversity of content and employment opportunities, it has meant that a major sector has benefited from the out-sourcing of public money, under direction from the government. The benefits this has given to the major independents have been considerable and therefore they should be

required to contribute money towards the future development of public service content.

22. The priorities for the government should be strengthen and extend public service content in the digital age. Initiating a policy that will weaken one key element in the ecology is not the way to achieve these ends. This is not the case of defending the status quo for the sake of it. The Campaign has been very critical of the BBC over the years. We do, however, think that the economic model provided by the Corporation is one of the best ways of ensuring that the cultural and democratic values of UK society are properly nurtured in the future, in a manner that responds not to market forces but to social pressures and creative impulses. Arguably the market has singularly failed to match the range and quality of public service provision since the re-regulation that followed the 1980s, and now is not the time to try to remedy that failure by undermining the BBC.

Campaign for Press and Broadcasting Freedom
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