

**British Music Rights' response to:  
Ofcom's Second Review of Public Service Broadcasting  
Consultation on Terms of Reference**

1. We note that Ofcom's first PSB review concluded that the market would not meet all PSB purposes, even in an all-digital environment.
2. It also concluded that there was likely to be a need for new intervention to address deficits in the existing linear PSB model and serve public purposes in online and interactive media, potentially through the medium of a public service publisher.
3. This second PSB review will therefore consider "a new approach to public service content in the digital media age (PSP)" as a central issue.
4. Ofcom's analysis of the impact of the growth of digital media on linear broadcast clearly shows disruption, with greater audience fragmentation and lower audience share, leading to stagnation or reduction of net advertising revenue, which in turn makes it more expensive and less sustainable for PSB to maintain their current level of public service obligations while developing new digital services.
5. We readily acknowledge the disruption brought on by the growth in digitisation. Traditional funding models are indeed under increasing pressure. The disruption is felt keenly in many industries, including music.
6. However, it does not follow that the disruption necessitates the creation of a wholly new intervention in the form of a public service publisher. The case for intervention in this way has absolutely not been proven.
7. Ofcom acknowledge that since the first PSB Review, there is a "wealth of new platforms and services now available". There is also a wealth of new content on those platforms and through those services.
8. Ofcom also acknowledge that public service broadcasters have launched portfolios of digital channels and online services, and have been successful at maintaining their overall share of viewing for their channel portfolios as a result, even as their share of analogue channels has declined.

9. Meanwhile, an incredibly diverse array of content and services is developing in the online digital world organically. Never before has there been greater choice on offer, with niche products and services catering to a wide range of audiences. This is growing all the time. An interventionist approach in the form a new PSP risks creating unnecessary and inappropriate interference with the market for content, putting commercial providers at an unfair disadvantage.
10. There is every indication that existing PSB are capable of developing successful services in the digital and online environment. The issue seems to be one of funding – not of the ability to provide public service content. Creating a new PSP would merely exacerbate the problem by diverting public funds from existing PSBs.
11. Ofcom have powers to put new obligations onto PSBs to ensure that public service purposes are met in a digital age. Ofcom's own analysis suggests a stronger case for refocusing public service broadcasting to those areas not currently well served by the market.
12. We believe that Ofcom is straying beyond its remit by proposing the creation of new PSP. We do not believe that Ofcom should continue to press for the creation of a new PSP. A credible case for such an intervention has not been made, and this diversion does not represent an appropriate use of Ofcom's time or resources. Ofcom should remove this area of enquiry from its terms of reference.