



Satellite & Cable
Broadcasters' Group

Consultation on the Terms of Reference for Ofcom's Second review of Public Service Television Broadcasting

Dear Mr Scott,

SCBG welcomes this opportunity to comment on the terms of reference for Ofcom's PSB review. SCBG is the trade association for satellite and cable programme providers who are independent of one of the main terrestrial broadcasters. Its members are responsible for over 100 channels in the UK and in addition broadcast many more services from the UK to continental Europe and beyond. We have always been actively involved in the PSB debate and hope with this short letter to give a flavour of our current thinking and concerns that we hope Ofcom will address in its very important and timely review.

As evidence in Ofcom's latest digital television market report shows, digital multi-channel viewing is reaching an almost ubiquitous status in the UK. This gives viewers increased amount of control that is clearly changing their viewing habits. Viewers are gradually turning away from the old model of mass-market PSB programming on the five terrestrial channels to a model of a plethora of channels and platforms to choose from.

During the first statutory Ofcom review of Public Service Broadcasting, SCBG argued that this migration from mass to niche represented an opportunity to rethink the policy frameworks underpinning PSB, so that they went with the grain of this viewer-led change, rather than attempting to work against it.

Definition of PSB

SCBG believes that any consideration of PSB must begin from a clear definition of what constitutes public service content. Only then can a clear assessment be made about how it can best be delivered. We have in the past said that we should look very carefully at the current criteria, and to tighten them in order to provide clarity that would avoid further confusion about what really constitutes PSB content and quality.

However, we recognise from the proposed terms of reference that Ofcom does not intend to undertake a full review of these purposes and characteristics. If this remains the case, we would however urge Ofcom to look at how these criteria are measured. We believe that it is vital to use a framework for this to – as objectively as possible – define PSB from non-PSB content. Our concern is that objectivity is sometimes lost, with these principles interpreted in ways that naturally favour the incumbent terrestrial broadcasters, and exclude PSB content available from non-traditional sources. It is therefore essential that sound objective methods of monitoring content are deployed when looking at the content of all broadcasters in this market.

In our view, it would make sense to regard Ofcom’s purposes and characteristics as a series of socially desirable objectives, which are currently being achieved in many ways and by many different providers. While there may be some specific “merit good” services which comprise a small and specific subset and which might genuinely justify public intervention, PSB policy should actually be about encouraging what is happening already, stimulating more of it, and monitoring strengths and weaknesses in the supply.

Moreover, we have a specific concern with the last characteristic of “widely available”. According to us this is a discriminatory and unsustainable notion in a world where digital satellite is available in more than 9 million homes and digital cable in more than 3 million homes. Moreover, most digital multi-channel broadcasters are actively using broadband services that reach more than 50% of the population. Some traditionally pay-TV operators are looking at free-to-view alternatives as well. It seems to us that this criterion does not by any means distinguish non-PSBs from the traditional public service broadcasters and therefore merits some careful consideration.

Investment in public service content

Research commissioned for SCBG at the end of 2006 demonstrates that genres traditionally held to be PSB content are increasingly broadcast and viewed outside the subsidy system. In fact, commercial digital channels are the dominant providers of large swathes of PSB programming, offering significant amounts of content that meets PSB objectives and characteristics as defined by Ofcom. They also uniquely address particular groups and communities of viewers.

Some programming and channels supplied without public intervention already contribute to PSB purposes but many more of them fulfil characteristics such as high production values, innovation and originality. Many channels are contributing by serving minority cultural or ethnic interests, engaging audiences groups such as 16-24 year olds that are increasingly disenfranchised from mainstream PSB programming, or developing new on-screen and production talent.

SCBG members alone invested £150 million in UK originated content in 2006. We recognise that this is an important criterion for being eligible for PSB status, but we

would like to point out that many multi-channel broadcasters invest in such content because this is what their viewers want, not because they want to turn into PSBs.

Based on this, we believe there should be a thorough analysis of the many alternatives to public funding that have already been proposed but insufficiently examined. These alternatives include a number of other mechanisms for contestability in public funding, including the Public Service Broadcasting Commission model outlined by Lord Burns' panel in its report to the DCMS in 2005.

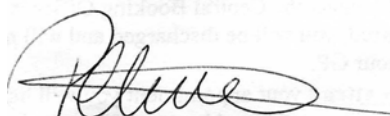
Public Service Publisher

SCBG has in the past expressed a number of reservations about this proposal, based on our natural bias against public intervention wherever necessary. As we have argued before, the existence of a publicly funded competitor inevitably affects investment decisions and commercial strategy – and wherever possible, we believe that competition is the optimal way of achieving public policy outcomes. Contemplating such a proposal could serve to disincentivise commercial companies from investing in new media ventures.

However, we do recognise that this idea deserves greater consideration, and were it to go ahead based on a clear need identified by thorough market analysis, we would certainly like to look at how the multi-channel industry could benefit from such a new creation. Surely the aim of such an intervention must be to fill a perceived gap in the attainability of publicly valuable content. As mentioned above, the constituency represented by the SCBG does already to a large extent deliver such content both in the linear and non-linear world and we would hope that this would be acknowledged throughout the PSB review when looking at filling gaps in the market.

We look forward to discussing these issues with Ofcom in the months to come and hope that the review will result in outcomes that are going to be beneficial for all players in the UK broadcasting market.

Kind regards,

A handwritten signature in black ink, appearing to read 'Petra Wikstrom', is written over a faint, light-colored background that looks like a watermark or a very light stamp.

Petra Wikstrom
Executive Director