

Peter Bourton
Ofcom
Riverside House
2a Southwark Bridge Road
London, SE1 9HA



26 January 2011

Dear Peter

Product Placement: proposed trial waiver of COSTA restrictions for films shown by PSBs

I am writing in response to Ofcom's invitation for comments on its proposed introduction of a trial waiver of COSTA restrictions for films shown by PSBs, as announced in the Broadcasting Code Review Statement on 20 December.

We note that you have come to this conclusion because you believe it is the AVMS Directive's intention that single dramas should employ film break patterns. While you conclude that PSBs cannot adjust their ad breaks in single dramas to make up for these lost breaks, you also conclude that "non-public service channels would be able to take steps to mitigate the adverse effects on costs and revenues of stricter break patterns by scheduling longer ad breaks."

SCBG has discussed this amongst its membership, and we are of the firm view that this conclusion is inaccurate, and that non-PSBs cannot mitigate the adverse effects of the proposed change. While it is technically true that non-PSBs can lengthen their ad breaks, in reality there are no incentives for non-PSBs to do so. This is because it is neither in our editorial interest or the viewer's interest to have longer breaks. This in turn means that extended ad breaks are of limited commercial value and means that broadcasters will not therefore be able to compensate for the loss of revenue that would result from fewer breaks in single dramas or the cost of reversioning programmes to accommodate the new break pattern.

The problem as we see it comes down to the classification of single dramas as films, and the imposition of films ad breaks on these programmes. We understand from your statement that you have considered this issue as length, but in light of the inaccuracy of your assertion that non-PSBs can mitigate the adverse effects and the fact that this ruling will financially disadvantage non-PSBs, we would ask you to reconsider this classification.

If it is not possible to remove the film classification from single dramas, we are keen to understand from Ofcom whether alternative approaches can be identified which would treat all broadcasters evenly, and not favour PSBs over non-PSBs.

Yours sincerely

A handwritten signature in black ink, appearing to read 'V. Read', is positioned below the 'Yours sincerely' text.

Victoria Read
Executive Director, Satellite and Cable Broadcasters' Group