VOICE OF THE LISTENER & VIEWER

RESPONSE TO OFCOM’S CONSULTATION ON

DRAFT ANNUAL PLAN 2012/13

17 FEBRUARY 2012
Voice of the Listener and Viewer (VLV) welcomes the invitation to comment on Ofcom’s draft annual plan. We begin by taking up the remarks of Ofcom’s director to the stakeholder meeting in London on 31 January 2012 when he noted that this was the eighth year Ofcom had presented an annual plan. VLV believes that Ofcom has generally demonstrated its value to the public over those eight years and that the Government should recognise this by confirming its permanent future role as regulator of the commercial communications in the UK. VLV welcomes the role of Ofcom in providing detailed research and statistics on many aspects of both broadcasting output and commercial industry, together with invaluable audience research. Even more, VLV believes in Ofcom’s role in looking after the interests of the public both as consumers and citizens and in its continued oversight of the civic role of broadcasting.

VLV has already submitted its views on the issue of measuring media plurality, which is one of the major areas of Ofcom’s activity for the coming year.

VLV wishes to reiterate one of its major concerns in relation to the economic and cultural role of the communications sector in the UK as regards broadcast production in this country. Ofcom’s evidence indicates that the amount of money spent on original UK production by the five PSB broadcasters declined from £3.1 billion in 2004 to £2.4 billion in 2009 - though this figure has increased slightly in 2010. We are worried that this significant fall in investment not only decreases the number of original programmes available to British audiences, but also weakens the television industry, which has long-term implications for the economic and cultural strength of broadcasting.

VLV believes that the Government should look at the example of many of our European neighbours and introduce retransmission fees for PSB produced programmes being shown via cable and satellite distribution. Such programmes are clearly a mainstay of the content provision of both cable and satellite broadcasters - it has been suggested that 41% of all viewing on BSkyB channels is of PSB programmes. At the very least, the PSB companies should not have to pay carriage fees to the cable and satellite companies. Clearly the advent of cable and satellite television has altered the economics of broadcasting by providing competition to the original terrestrial broadcasters but, as currently organised, the new companies profit at the expense of the traditional broadcasters, whilst themselves contributing very little in terms of production in the UK beyond sports programming.
One area that Ofcom is examining in the coming year is that of competition and regulation in the field of video-on-demand (VOD). VLV is concerned about the possibility of issues of monopoly arising in relation to the availability of both films and overseas originated programming. It appears that BSkyB already has arrangements with many of the major US film studios giving BSkyB exclusive rights to showing these films on television in the UK for a period of time. BSkyB has also negotiated with the US cable company Home Box Office (HBO) for an exclusive ‘output deal’ whereby both new and existing HBO programmes will be available only on BSkyB - whereby viewers will have to subscribe, should they wish to view these films or programmes.

Whilst BSkyB is not breaking any laws in securing such a monopolistic position as programme provider, VLV believes that it is a very worrying development. Because of its existing subscription base and resultant income, BSkyB is able to outbid other possible programme providers for such material, increasing the likelihood that more viewers will feel that a subscription will be the only way to access a range of quality films and programming. It has also been reported that BSkyB is planning to offer an internet service of programming. Our concern is that if any company is able to gain a major share of the broadcasting market then it will be in a position that in future, once it is a major supplier of material to viewers, it can increase its charges since there will be no effective competition. We would welcome Ofcom’s views on how it sees the likely development of the video-on-demand market and whether it can be regulated to provide effective competition rather than incipient monopoly.

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