

Response by AETN UK to Ofcom's consultation on *Regulatory fees for on demand programme services*

29 March 2017

A+E Networks® UK is a joint venture between A+E Networks® and Sky. Its portfolio of quality factual and entertainment channels includes HISTORY®, Lifetime®, Crime + Investigation®, H2® and new free-to-air channel BLAZE™.

A+E Networks UK launched in November 1995 and now operates 18 channels, broadcasting into 56 million homes across 102 countries in the UK, Scandinavia, Benelux, Central & Eastern Europe, Africa and the Middle East.

The venture has offices in London, Warsaw, Copenhagen, Amsterdam and Johannesburg.

Question 1: Do you agree with Ofcom's preferred proposal to adopt a fees structure that shares the cost of regulating ODPS only between the largest providers (Option 4)? If not, which alternative option do you consider would provide a proportionate, fair and pragmatic basis for a fees structure?

AETN UK agrees with Ofcom's preferred proposed fee structure, Option 4, for the following reasons:

- It captures significant VOD-only services, and does not target linear broadcasters without on-demand offerings;
- It does not impose an unwelcome burden on start-ups, or discourage notification;

However, we think the lower level threshold band turnover of greater than £10 million (but less than £50 million) is too high. We think that a business with a turnover of, for example, £5million or more, should be expected to contribute to the regulation of its sector. It would be more equitable therefore to change the definition of Category C to "greater than £5 million, but less than £10 million", with an associated estimated fee in the region of £800 to £1,000.

We are also concerned that Ofcom's decision to base fees on the size of revenue from all sources may encourage some providers to remodel their corporate structures, and Ofcom on demand notifications, in order to minimize the relevant turnover declarable to just that derived directly from on demand activities. Without a lower revenue band available to capture these re-stated revenues, Ofcom's fees income might be diminished.

As the on demand sector grows and matures we would encourage Ofcom to regularly review its approach to fees.

Question 2: Do you agree that Ofcom's costs estimate is appropriate in relation to carrying out our relevant ODPS functions for 2017/18, and that the estimated fee for 2017/18 is sufficient to meet but not exceed such costs?

AETN UK notes that Ofcom's estimated fees are modest. While this is welcome in many ways, we would encourage Ofcom to keep these costs under review so that it is well placed to respond to issues such as child safety and any increasing regulatory demands that may be made of it by changes to UK and EU legislation.

Please see our response to Question 1 regard the fee amounts.

Ends.