

TUC RESPONSE TO OFCOM PUBLIC SERVICE BROADCASTING REVIEW

1 The TUC welcomes this opportunity to make a further contribution to the Ofcom review of public service broadcasting. As we pointed out in our earlier response, the TUC has a dual status in these discussions, representing unions with members employed in the broadcasting sector and, with a total of 6.4 million members working in all sectors of the economy, also representing a substantial and diverse proportion of viewers and listeners.

2 Our unions from within the sector will be making their own contributions to the review but for the TUC as a whole we would wish to stress that all our unions continue to impress on us the importance that they attach to public service broadcasting and the leading role played by the BBC. Our Congress in September 2008 carried a resolution which referred to current Ofcom review and called on the General Council to defend public service broadcasting in the UK by campaigning vigorously: for a review of the BBC licence fee settlement with a view to achieving a necessary increase in BBC funding; against any proposal to top-slice the BBC licence fee and redistribute licence fee funding to commercial broadcasters; and for much-needed alternative funding measures for commercial PSB, such as a levy on non-PSB broadcasters, gifted spectrum and revenue from extra advertising minutage.

3 We were pleased that the conclusions of the earlier part of the review largely coincided with our own views on the central importance of the leading role played by the BBC in public service broadcasting but that public service broadcasting as a whole is strengthened by the presence of other strong and secure providers.

4 Like others, we recognise the speed of change taking place within broadcasting and that current funding arrangements for ITV and Channel 4 are under severe strain, with implications both for output and employment.

5 We too value the importance of regional programming, in particular regional news; and the provision of impartial but diverse coverage of news and current affairs and children's programmes, none of which, from current

experience will attract adequate funding from commercial sources.

6 In response to the questions posed under Section 4, which looks at different models, as was indicated above we agree that public service provision and funding beyond the BBC is an important part of any future system. Our preference would be for the evolutionary model, which is the only one retaining a clear role for the commercial public service broadcasters.

7 Looking more broadly at the funding issues, we believe that there is now an opportunity to establish a long-term secure funding basis for public service broadcasting within the digital framework. As the Congress resolution made clear we are strongly opposed to the top-slicing of the licensing fee, for reasons which we made clear in our earlier submission - namely the dilution of the clear link between the licence fee and services provided by the BBC.

8 The main point which we wish to make at this point is the need for further detailed research into the potential for developing a simple and effective funding stream through an industry levy on broadcasters who do not provide public service content and further work on the potential for the other forms of funding identified in the Congress resolution, namely from regulatory assets (eg spectrum, extra advertising minutage).

9 The strength of the licence fee, and we believe the reason that it has survived over such a long period, is that the public can see the clear link between what they pay and the services provided. There is also a degree of independence from government, which provides greater protection from political interference, though as the points made in the Congress resolution on the current fee settlement make clear, the independence is not complete and, as at the present time, there are occasions on which the settlement does not reflect either the needs of the BBC or the public's willingness to pay for BBC services. In our opinion we now need to devise a system with similar strengths for other public service broadcasters.

10 We recognise that there are genuine difficulties with devising an effective levy system and these are explored in some detail in the consultation document. However in our

opinion the difficulties are not insurmountable. There is some international experience, in particular in Canada and France, where an examination of the strengths and weaknesses of their respective systems could bear useful lessons for the UK, for instance.

11 We support the points made in paragraph 6.73 of the consultation document, namely: that following publication of the phase one report interest in the potential use of an industry levy as a funding mechanism has grown, suggesting that the options deserve further consideration, and that one of the attractions of an industry levy is that it maintains the primary single relationship between the BBC and the licence fee.

12 We would wish to see these points developed and would not support the contention earlier in 6.73 that a levy was undesirable because it could lead to market distortions or simply be passed on to the consumer. As with any tax on employers there is the possibility that this will be passed on to consumers, rather than being borne by the employer as a business cost, however this would be no more true for an industry levy on broadcasters than for any other form of business tax and a levy applied fairly across the industry on all those not contributing to public service broadcasting would be fair and easily understood and far from leading to market distortion would remove the current distortion which gives an advantage to broadcasters who are not meeting the additional costs of providing a public service.

13 We understand the complexities of applying these simple principles, such as the cost of collection, the international nature of modern broadcasting, the varying points at which a levy could be applied and not least the need for an additional independent body to manage the monies collected and redistribute fairly to public sector providers. However we do not believe such issues are insurmountable and that they do indeed merit further consideration. This will be a detailed undertaking and whilst, no doubt others, including ourselves, would wish to contribute to such an exercise, we believe that Ofcom itself is the body best placed to undertake such a detailed and serious study as an important part of its regulatory remit.

