

*“Working for quality
and diversity in
British broadcasting”*

Founded in 1983 by Jocelyn Hay CBE



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Voice of the Listener & Viewer Response to DCMS Consultation on

MEDIA OWNERSHIP AND PLURALITY

Voice of the Listener & Viewer (VLV) is an independent, non-profit-making association, free from political, commercial and sectarian affiliations, working for quality and diversity in British broadcasting. VLV represents the interests of listeners and viewers as citizens and consumers across the full range of broadcasting issues. VLV is concerned with the structures, regulation, funding and institutions that underpin the British Broadcasting system. VLV is a charitable company limited by guarantee.

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T A B L E O F C O N T E N T S

Media economics - overview and historical context of media plurality	3
The arrival of commercial television and radio	3
The arrival of new platforms	4
Economic models as drivers of growth	4
Responses to the consultation questions	5
Which Media?	5
Which Genres?	5
Which Organisations and Services?	7
The BBC	7
The Audience	8

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Media Ownership and Plurality

Voice of the Listener & Viewer (VLV) welcomes the opportunity to respond to the Consultation Paper issued by the DCMS on *Media Ownership and Plurality*. In responding to this consultative document, VLV will be drawing on the evidence it submitted to the House of Lords Select Committee on Communications Inquiry into Media Plurality in April 2012 this year.

Media economics - overview and historical context of media plurality

VLV believes it is important that understanding the historical context of the current media plurality debate is essential if we are to avoid undermining what is a largely healthy ecosystem.

Issues of competition for finance have influenced the development of broadcasting in Britain from its very inception in the 1920s. Successful lobbying by the newspaper industry in the early days of broadcasting prevented the creation of a commercial radio system because newspapers wanted to avoid having competition for advertising revenue. They also prevented the BBC from having its own news service, with news being supplied by Reuters, and the BBC was not allowed to report on sports until after the final editions of the evening papers had come out.

What was crucial was the decision to establish a licence fee system to finance the BBC. This prevented the BBC from competing for advertising income and was a recognition of the technical difference of broadcasting as a medium where the audience could not be directly charged for access to material and where distribution costs were very much less than with physical media forms such as newspapers.

The arrival of commercial television and radio

The economics of broadcasting were relatively stable in the years after the establishment of the ITV companies where, although there was competition for audiences, there was not competition for revenue. This avoidance of direct competition was continued through the mechanism by which Channel 4 was originally funded, by means of a levy on the ITV regions which, in return, sold its advertising airspace. Through this pattern, the plurality of television was expanded without the threat of possible market dominance or direct competition

The arrival of new platforms

The technological innovations of the 1980s, which led to satellite and cable transmissions, significantly altered the broadcasting model, since it became possible to control viewer access and charge for programme content. In the UK this has been most obvious in the operation of BSkyB, where a major part of its subscription revenue has come about by offering customers exclusive access to live football matches and other sports.

The impact of these changes has been widespread, as broadcasters now bid for access to content, as was seen in 2012 when the BBC relinquished its broadcasting rights to a number of Formula One motor races to BSkyB, because of prohibitive costs.

The advent of the internet has in turn produced a much more complicated set of issues, not only for broadcasting but for the media in general. The movement of newspaper, television and radio content online has brought broadcasters into direct conflict with the financial interests of other media institutions, most notably newspapers.

This online competition has been increased by other aspects of convergence, whereby people can access content via mobile devices and computers. Thus there is now an overlap of financial interest between telecoms companies, previously only supplying phone services, with cable and satellite companies, who can also supply internet and phone services alongside traditional television content. As well as direct subscription revenue, these companies can also profit from advertising revenue.

Economic models as drivers of growth

When considering the development of the 'media' in the broadest terms over the past 90 years, it is clear that most media growth is related to financial outlays and subsequent returns. The economics of television make it likely that commercial channels, whether PSB or not, are likely to try to provide content likely to appeal to large audiences and therefore to replicate the most popular genres of content. If such a situation exists, there may then be a pressure on the BBC to follow similar practices in order not to lose audience share. This is why we need regulation in place to ensure that media plurality is maintained and the market is not dominated by the commercial interests with no regard to the quality or range content being provided.

Responses to the Consultation Questions

Which Media?

Do you agree that online should be included within the scope of any new measurement framework?

VLV agrees that any legislation and regulation of the media, as, for example, the work of Ofcom, should include online content and platforms. The consultation document provides considerable evidence of the growing use of online platforms to access news and broadcast content.

Online is now the ‘third arm’ of broadcasting and often the preferred option for younger people.

Online does offer the possibility of much wider distribution of content but we believe that the government should aim to avoid a situation where commercial media companies may, through financial muscle, be able to operate quasi monopoly control over aspects of the media, thus limiting the choices of citizens and consumers.

Which Genres?

What type of content is relevant to media plurality? Do you believe that scope should be limited to news and current affairs, or be widened to consider a wider cultural context? If so, how might a wider context be defined?

We wish to reinforce arguments which we have put before that a plural supply of news and current affairs is essential, but we would now argue that it should not only be these genres which are measured to ensure a plural supply of views and content.

VLV agrees with Ofcom that plurality is not a goal in itself but a means to an end. In its *Measuring Media Plurality Report* (June 2012) Ofcom quoted speakers from several different debates:

Baroness Blackstone, in 2002, explained that one of the main purposes of the 2003 Communications Bill was ‘to ensure the existence of a range of media voices, safeguarding the vibrancy of democratic debate’. During the committee stage in the Lords, Lord Puttnam said ‘our key aim is to ensure that there is a range of competing voices available to citizens so that they are free to form their own opinions’. The late Lord McIntosh subsequently said that ‘media plurality is important for a healthy and informed democratic society. The underlying principle

is that it would be dangerous for any person to control too much of the media because of his or her ability to influence opinions and set the political agenda.'

VLV would not define media plurality simply in terms of the number of providers or channels available in the market place, but rather in terms of the range, diversity and quality of accessible content.

We would endorse the arguments made by Dr Des Freedman (Goldsmiths, University of London) in his *A Note On Plurality* submitted to Ofcom in relation to the public interest test in the context of the proposed acquisition of BSkyB by News International. Dr Freedman distinguishes what he terms 'competing definitions of plurality': 'The first.....is a very narrow understanding of plurality that is largely related to a quantitative measure of media sources and outlets: the second is a more expansive definition that relates to the existence of a sufficient number of distinctive organisations such that the circulation of diverse viewpoints to citizens can be guaranteed'.

VLV is convinced that the **quality and range** of broadcast content is more important than the quantity and is at the heart of the plurality argument.

To support our case, taking one genre as an example, we are concerned with the narrowing range of children's programmes on UK television. There are now many more children's channels and far more content aimed at children than before the advent of satellite and cable television. However, we would argue that the range and variety of children's programming has not increased in line with the increase in volume. The majority of the content on the commercial channels is imported animation and is not culturally relevant to a UK children's audience. The BBC has become the sole provider of public service content for children in the UK and has little competition in this genre.

While the commercial public service broadcasters are required by their licences to provide certain levels of content provision, this is effectively only limited to news and current affairs where there are quotas. The purposes of public service television broadcasting, as set out in the Communications Act 2003, include religion, science, matters of international significance and children's programmes. We would argue that, in the case of certain types of programming, there is a lack of plurality of supply on the public service broadcasters' main channels. VLV therefore suggests that the subject areas which work to fulfil the purposes of public service television as defined in the Communications Act 2003 might be used to define the scope of plurality regulation.

Which Organisations and Services?

What sorts of organisations and services are relevant to media plurality? Do you believe that scope should be limited to publishers or include services that affect discoverability and accessibility?

VLV accepts the model of Originator, Wholesaler and Broadcaster offered by the consultation paper. Consequently it is important that consideration of the potential ownership of, for example, ITN, which could affect plurality of provision for UK audiences, should be within the remit of Ofcom and ultimately of the government of the day .

We agree with Ofcom that plurality should be considered across television, radio, the press and online.¹

VLV believes plurality of content should be maintained on the free-to-air public service broadcast channels. While we recognise the significant contribution cable and satellite channels make to content provision, they are not cost-free to access and therefore are not subject to the same regulation as the public service broadcasters. We do not believe their content should be included in an assessment of media plurality.

We also agree that the development of internet services are influencing availability and discoverability. VLV would argue that such services increasingly blur the distinction between 'mass' media and social media, since the prominence of material originated on social media is usually due to its distribution via larger scale providers. Online aggregators gain commercial advantage by using content such as news material from other organisations, who have invested considerably to produce this material and influence the discoverability of content and therefore they should be included in any plurality assessment.

The BBC

Do you agree that the BBC's impact on plurality should be assessed as part of a plurality review?

VLV agrees that the BBC should be assessed as part of a plurality review.

It would be curious to undertake any meaningful survey of media plurality without taking into account the output of the BBC or indeed the other public service channels.

¹ Ofcom, *Measuring Media Plurality*, 19 June 2012

However, VLV does not see it as desirable that the inclusion of the BBC in any consideration of media plurality should become an opportunity for introducing any new regulations, limitations or controls on the BBC, which already has extensive plurality obligations and a degree of insulation from political and commercial pressures.

Rather we would see any such investigation of media plurality as focusing on the extent to which commercial PSB channels contribute to the diversity and quality of broadcasting in the UK.

With regards to the scale of the BBC and especially its contribution to news content in the UK, VLV believes that the size of the BBC's operation allows it to perform an essential role in the public service broadcasting ecology. It has the scale and the public service remit to cover stories which other broadcasters might not be able to afford to cover. VLV would not want any plurality regulation to impose reductions on the scope or size of the BBC newsgathering operation. It is envied across the world and therefore should be protected.

The BBC already has extensive plurality obligations and a degree of insulation from political and commercial pressures. We support Ofcom's recommendation in its *Measuring Media Plurality* report, when it is said "we recommend the BBC Trust assesses the BBC's contribution to plurality, both internal and external, and considers establishing a framework for measuring and evaluating this periodically".²

While it is clear that there is currently significant internal plurality within BBC output, we agree that the BBC needs to have systems in place to ensure its internal plurality is maintained:

*The BBC's scale in the news media market, where it is the clear leader in three of the four platforms, also means that it is important it should be internally plural – with a diversity of voices and viewpoints both across and within its services and programmes.*³

The Audience

Are there specific factors that you think a measurement framework needs to capture in order to provide a picture of plurality in local communities? Do you agree that a measurement framework should also seek to assess the plurality of media serving other audiences or communities of interest? If so, which ones?

² Ofcom, *Measuring Media Plurality*, June 19 2013

³ Ofcom, *Measuring Media Plurality*, June 19 2013, page 45

It is interesting to consider here the historical context of radio and television. The initial proposed model for commercial television when it was first introduced in the 1950s was for a series of strongly regional services, where each provider would produce the bulk of its schedule related to its geographic region. These proposals were never realised, but regional content remains a popular genre according to Ofcom's PSB Reports.

This consultation moves the plurality discussion on to include the issue of a plurality of audiences as well. VLV welcomes the raising of this issue, since it is important that all citizens' and consumers' interests are represented in any discussion of media provision.

The consultation document notes the democratic desirability of a plurality of sources of local news and information across the media. Whilst such provision might be ideal, it is necessary to consider the economic feasibility of such aims.

The decline in local newspaper circulation has been largely attributed to increased competition with on-line classified and display advertising.

It is difficult to predict whether the new local television services currently being developed will be financially viable. There seems no doubt that local television could play a valuable role in providing citizens with information about their local area and its governance which is now increasingly lacking, given the demise of local press.

Given these economic realities it might be worthwhile to consider not a system of pluralist competition for the limited advertising resources available, but rather a system of co-operation between different media companies.

We would urge the Government to consider regulatory levers, such as EPG positioning, as a resource to support local television and argue strongly against any more BBC licence fee funding being diverted to the local television project, as it has been in the past.

In terms of other existing minority audiences, whether constituted geographically, ethnically or in terms of interests, it is clearly within the terms of the BBC's remit both to provide programming for minorities and to make their perspectives and concerns available to wider audiences. VLV would see this as a key element within a plural supply of content and would urge the government to press the other commercial PSB broadcasters to continue to follow similar practices. This should surely be an element in Ofcom's regular reviews of the PSB services, which need to continue on at regular intervals of no longer than five years.

BASIC DETAILS

Consultation title: Media Ownership and Plurality

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Name

Dinah Garrett 22 October 2013