

*"Working for quality
and diversity in
British broadcasting"*



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The Director
Office of Fair Trading
Fleetbank House
2-6 Salisbury Square
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Dear Sir

BSkyB's purchase of shares in ITV PLC

Voice of the Listener & Viewer (VLV) welcomes the opportunity to comment on the implications of the recent acquisition by BSkyB of a 17.9% stake in ITV PLC, and we applaud the OFT's decision to launch an investigation into the implications of this shareholding. VLV welcomes also Ofcom's decision to enquire into whether the stake acquired by BSkyB alters the ownership structure and control of ITV, within the framework of the 2003 Communications Act, in ways that might in the end require Ofcom to reassess ITV's licence.

In our view the implications for fair trading and competition are not determined solely by the numerical size of a shareholding, but by the ranking and character of the relevant companies within the industry. ITV plc represents the consolidation of more than a dozen regional commercial franchise-holders with a history going back to the start of independent television in the U.K. more than fifty years ago. BSkyB, apart from being a substantial content provider and major publisher, has an already dominant position in the area of distribution. VLV believes passionately that media content is not just another product or commodity but a key ingredient and catalyst within our culture and society.

1. Threat to the Plurality of News Services in the UK

VLV's concern focuses on the greater concentration of media ownership that the BSkyB acquisition causes and its impact on the plurality and quality of provision among television services in the United Kingdom. The concentration of media ownership is of particular importance in this instance because ITV is the owner of Independent Television News [ITN] the parent of Channel 4 News which has a distinguished half century of journalism behind it. ITN is the only major player alongside the BBC and BSkyB's own news operation, SkyNews.

Although Sky has given assurances that it will not interfere in ITV programme decisions, there will be a conflict of interest and might well be opportunities for subtle influence when the ITV news contract next comes up for renewal. Sky News was a close competitor on the last occasion. If Sky News chose to undercut the ITN bid in order to win the ITV contract next time, it might threaten the quality of Channel 4 News and news provision on Channel 3 as a whole. Any such decline in the provision of news could threaten not only the choice and quality of news services available in the U.K., but also the plurality of sources and therefore British democracy. If, in the interests of economy, closer links between the news gathering and editorial teams of the two companies were to be established, independence and choice within news and information available in the UK could be significantly affected.

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2. Threat to Services for the Nations and Regions of the UK

ITV was originally created with an express purpose of serving and representing the interests of viewers in the nations and regions of the UK. BSkyB has no track record of this kind of provision and we have concerns that if such programmes become unprofitable in future, there could be pressures on ITV to make further withdrawals from regional programme provision, on top of those already sought by ITV and sanctioned by Ofcom. This would be to the detriment of vital segments of the U.K. audience

3. Quality and Diversity of ITV Output

The Communications Act of 2003 laid obligations on ITV, as a public service broadcaster not only in relation to national/regional programme provision but more generally in regard to the quality, range and diversity of ITV output and services. As mentioned above, ITV has already applied to Ofcom for some of these obligations to be lifted. Since BSkyB does not bear similar obligations, we are concerned that as a major ITV shareholder, it might seek or at least collude with a further erosion of public service commitments.

4. Discounted Access to ITV's Programme Archive

ITV and ITN each have a rich archive of past programmes, representing more than fifty years of production. This valuable asset is currently being used by ITV, not only on its main terrestrial service, ITV1, but also very successfully to drive take-up of its new digital channels - ITV2, ITV3 and ITV4. Sky relies heavily on bought-in programmes and the viability and future of these channels could be affected if Sky were to obtain preferential rates for the use of these archive programmes on its own channels. ITN also earns a significant amount from its archive which could also be affected if Sky were to obtain preferential rates for its use.

5. Summary: Citizenship, choice and the future of U.K. culture

Voice of the Listener & Viewer (VLV) is an independent, not-for-profit association which represents the interests of listeners and viewers across the full range of broadcasting issues. VLV is aware of, and concerned about the impact that broadcasting and new media services have on democratic and cultural life. We believe that a plurality of sources of news and information is central to the democratic process, and to the development of an informed and active citizenship. We have seen a significant increase in cross media ownership in recent years and we believe that any further concentration could imperil British democracy. In representing the interests of British consumers VLV is also concerned to ensure that adult and young viewers in the UK continue to have access to a wide range and diversity of programmes which reflect and embody British values, culture and environment. ITV has traditionally provided this content which audiences greatly value. Sky, by contrast, invests comparatively little in indigenous production. We have concerns that the influence of a powerful new shareholder which is also a rival for audiences, content and talent in an increasingly competitive market, could threaten the future of this much-valued provision.

Yours sincerely

Jocelyn Hay CBE
Chairman