



Ofcom Review of Public Service Television Broadcasting: Submission from the Satellite and Cable Broadcasters Group

Effectiveness of the current system

Question 1: Do you agree with this overall assessment of the current system?

Question 5: What are the implications of these responses for broadcasters and for this review?

Ofcom's analysis is broadly correct, and the SCBG does not intend to make any further comments about the performance of the main terrestrial channels in meeting their public service obligations. However, we do want to assert that multi-channel broadcasters could and should play a positive role in addressing some of the concerns that arise from the current system. In particular, we believe that multichannel broadcasters are already compensating for the limitations of traditional broadcasters in delivering impact and value for specific types of public service programming, and can do much more.

The viewing trends that Ofcom establishes in its Review highlight the importance of multichannel broadcasters in reaching and communicating with today's audiences. The shift from terrestrial to multi-channel, increasing choice and therefore fragmentation within the marketplace as a whole, and lower shares for serious programming on the traditional broadcasters in multi-channel homes are all trends that will continue as multi-channel develops. In a digital world that provides a multiplicity of tailored offerings to suit particular tastes, interests, cultures or demographics, viewers will continue to migrate away from "challenging" PSB programming on the main channels.

It is indicative that Ofcom's analysis finds multi-channel viewers already consider specialist channels offering art or sport more favourably than terrestrial viewers and are more positive about the benefits. This trend will only become more pronounced as more viewers switch to digital and become increasingly familiar and loyal to specialist channels.

It is clear from these reported trends that even if the terrestrial broadcasters were to improve their “output” performance – by halting their progression towards more derivative formats, competitive scheduling, reduced range and innovation – the current system is not the most appropriate either for the current transitional environment or, most importantly, for the digital future. However, the SCBG believes these trends should be seen as an opportunity rather than a threat to public service broadcasting, and it is timely to be considering the role of multi-channel within this wider industry debate. We believe that shaping a new PSB environment for the future will involve a positive role for multi-channel in improving the effectiveness of the system as a whole.

Maintaining and strengthening PSB

Question 7: Do you agree with this analysis and think that this definition provides a good basis for considering the future provision of public service broadcasting and the means of funding and delivering it?

Question 8: Can the challenges of reach and impact be successfully met in a digital world of fragmenting audiences and revenues?

Ofcom’s analysis of a changing broadcasting ecology is familiar to cable and satellite channels, as they already operate in an extremely competitive environment where targeting specialist audiences and delivering value to them is a business imperative. We believe, therefore, that the challenges of reach and impact will be most successfully met by adopting a fresh approach and one in which multi-channel players contribute to the provision of public service broadcasting under a new funding model.

The conventional understanding of “reach”, in which viewers on mainstream channels watch PSB programming in large numbers at the same time, may not be viable in a fully digital environment and certainly need not be the only method of delivering impact. Thematic channels catering for specialist interests or appealing very directly to specific demographic groups may in some circumstances be better platforms for “leading audiences to interesting and challenging material”.

Propositions for transition: market development

Proposition 5: The market is likely to produce significant amounts of programming which meet both the purposes and characteristics of PSB, and which can be defined as PSB. Some programming (and channels) supplied without public intervention already contributes to PSB purposes. Prior to switchover, we should work to explore how many of the purposes and characteristics of PSB can be provided, without public intervention, by the evolving TV broadcasting market.

Proposition 6: Notwithstanding developments in the market, there is a strong case for the BBC to continue to undertake a wide range of activities to underpin the delivery of the public purposes and characteristics of PSB. But its range of activities needs to be reviewed periodically in relation to core PSB purposes.

Proposition 7: Every programme shown on the main commercial terrestrial channel's schedules need not always reflect PSB purposes and characteristics. In the case of the BBC, however, with its unique and privileged funding status, programmes should always strive to reflect the broad purposes and character of PSB to some degree.

As Ofcom has suggested in Proposition 5, some programming and channels supplied without public intervention already contribute to PSB purposes, but many more of them fulfil characteristics such as high production values, innovation and originality. In addition to the SCBG members mentioned by name in the Ofcom report – Sky News, Artsworld and Discovery – other channels are contributing by serving minority cultural or ethnic interests, engaging audiences groups such as 16-24 year olds that are increasingly disenfranchised from mainstream PSB programming, or developing new on-screen and production talent.

Although the Review suggests that “commercial output is unregulated except for basic standards”, these channels are making their contribution under a regime that is far from unregulated: it includes content and advertising requirements under the Television Without Frontiers Directive and the increasing burdens of subtitling, signing, audio-description and potential training levies that are required of commercial multi-channel broadcasters under the Communications Act.

Commercial multi-channel broadcasters are also adding range, diversity and specialist interest services despite the entry of the BBC as a direct competitor in many areas – a development that has had a significant economic impact and affected not only the investment capability of new commercial channels but also their scheduling and programming decisions. The BBC's range of activities, referred to in Proposition 6, is a significant factor in determining the output, and therefore potential PSB contribution, of commercial broadcasters. Therefore we agree that there is a need for periodic review, and would expect the recommendation in Proposition 7 – that the BBC, because of its unique status, should always fulfil PSB purposes and character – be applied to its digital services as well as the main terrestrial channels.

Propositions for transition: public intervention

Proposition 2: Competition in the provision of PSB is at the heart of an effective system. In a digital world, a single, monopoly supplier of PSB is unlikely to be the most effective model for delivering PSB purposes or characteristics, or for securing plurality of views and perspectives. We need to examine the case for

sharing existing funding streams among a greater number of broadcasters and allowing broadcasters or producers to bid for PSB funding.

Proposition 3: Where public funding is necessary to secure the purposes and characteristics of PSB, different means of distributing funding should be examined. One option is to continue with direct allocations to designated broadcasters. A second is to make allocations through a new intermediary (a “purchaser” of PSB) with either broadcasters or producers as recipients (“providers” of PSB). Both options need to be assessed as we consider the best model for delivering PSB in the digital future.

SCBG agrees with Ofcom’s proposition 2 that competition is beneficial both in the delivery of PSB but also very importantly for securing plurality. Furthermore, SCBG believes there is a new role for multi-channel in providing competition in order to strengthen and extend the appeal of PSB in future. We believe there are gaps in public service provision where new delivery platforms, beyond the main terrestrial channels, could offer real benefits and added value, for example by accessing a particular demographic, improving value for money and adding pressure for innovation.

SCBG would like to work with Ofcom during the next phase of the Review to further explore the opportunities set out in Propositions 2 and 3. In particular, we intend to model various scenarios in which multi-channel broadcasters might bid for or receive PSB funding and devise performance measures to identify how they could best deliver on the purposes and characteristics of PSB as defined for the digital age.

SCBG believes the consumer-citizen would benefit from such a model by introducing new competition and targeting PSB programming to where it would function most efficiently and where it could deliver the best guarantee of value.