



NATIONAL ASSEMBLY FOR WALES: INQUIRY INTO PUBLIC SERVICE BROADCASTING - BECTU RESPONSE

1. BECTU is the trade union for workers (other than performers and journalists) in the audiovisual and live entertainment sectors. A significant number of our members work in Wales - both directly in broadcasting and in independent production for broadcast. We therefore welcome the Welsh Assembly Inquiry into Public Service Broadcasting (PSB), which is particularly timely in the light of Ofcom's current PSB Review.
2. BECTU is a strong supporter of PSB in Wales with its key characteristics of universal provision, free at the point of use, of programmes of high quality, broad range and addressing a diversity of interests.
3. We believe, backed up by the evidence on audience reach and impact, that television remains a central part of people's lives and that PSB in particular is highly valued by audiences in Wales.
4. **We do not believe that alternative media sources - notably non-PSB digital channels and the internet - can replicate the reach, impact and quality of PSB.** This is borne out by Ofcom's Second PSB Review Paper:
 - 'investment in UK content by digital channels remains very limited compared to PSBs and is concentrated in sport, entertainment and to a lesser extent news' (para 1.28).
 - 'The contribution of certain digital channels to programming that meets public purposes - Sky News, Discovery and so on - is also constrained by those services' generally limited reach' (6.20).
 - 'the reach of online services generally remains limited compared to TV programmes and there may be persistent barriers to increasing the reach and impact of online PS content' (6.8).
5. **A key characteristic of PSB generally and in Wales specifically has been its plurality** - ie there is a range of PSB providers in the form of BBC, ITV, S4C, C4 and Five. On this point, we agree with Ofcom's analysis:
 - Plurality of PSB has delivered the benefits of diversity of voice; enhanced reach and impact; and competition for quality (6.37-9).

- Based on Ofcom's audience research, 'viewers value plurality highly in PSB' (3.38) and 'there is very high support for plurality in news programming' (3.41).
 - 'the market is unlikely to deliver the benefits of plurality without continued intervention' (6.44).
6. We believe the continued plurality of PSB provision is particularly necessary in Wales because of the more limited role of the indigenous press, the absence of local daily newspapers and the high percentage of newspapers produced and distributed from outside of Wales.
 7. We recognise, however, that with the onset of digital switchover and the growth in competition for audiences and revenue, our current PSB system - and particularly ITV - faces a funding gap in the near future. We note Ofcom's analysis that 'the value of implicit funding for those institutions [ITV, Channel 4, Five] will have declined by around two thirds or £335m' (7.1) since the Communications Act - so that PSB costs may exceed benefits for ITV plc before 2012 and specifically for ITV1 Wales by 2009.
 8. However, while the future of PSB, if left to market forces, is problematic, there is also a range of possible policy solutions. No particular outcome is inevitable.
 9. Underlying any possible future scenario should be **a strong and central role for the BBC in a PSB system**. We therefore agree with Ofcom that 'an appropriately funded, independent BBC will and should remain the cornerstone of PSB and any decision which substantially impacts the BBC's PS contribution could be counterproductive' (7.6).
 10. Based on this, we note Ofcom's four possible options for funding PSB in future -
 - I) Direct public funding
 - II) Opening up BBC licence fee funding/assets to other providers ie 'top slicing'
 - III) Regulatory assets including privileged access to spectrum and increased advertising minutage
 - IV) Industry levies
 11. BECTU's view on these are very clear: **We favour options 3 and 4. We oppose options 1 and 2.**
 12. **We oppose direct public funding** because this represents a potentially vulnerable method of finance with negative implications for editorial independence and creative freedom, which could easily become extremely unpopular with the public. For similar reasons **we oppose the devolving of funding for broadcasting to the Welsh Assembly**, since we believe this could lead to strong competitive pressures from the Assembly's other devolved areas of responsibility.

13. **We are fundamentally opposed to opening up the BBC licence fee to other providers** or selling off BBC assets. This would provide funding for PSB not in addition to the BBC but directly at the expense of the BBC. It would weaken our central PSB provider; redirect public resources to private profit; and potentially impose a layer of chaotic and wasteful competition with high transaction costs (in the event of any new agency being created to allocate these funds). In parallel to this, **we would oppose any splitting /devolution of the licence fee** on national lines, which we believe would fundamentally undermine the long term future of the BBC as the cornerstone of PSB across the UK.
14. **We believe additional funding for PSB is available through gifted or discounted spectrum pricing; through revenue from increased advertising minutage; and particularly through industry levies on non-PSB broadcasters and other platforms** (eg cable, telecoms, internet service providers). We believe BSkyB in particular is a lucrative commercial franchise which produces pitifully little PSB programming relative to revenue while commodifying profitable areas such as live sport. It is parasitic on our PSB system and a levy redirecting resources back into PSB is therefore entirely justified and affordable. Foreign models for levies (eg France, Canada) are available and should be studied by Ofcom.
15. It follows from our views on PSB funding that **we favour an evolutionary model for PSB - with commercial PSBs (ITV in particular) retaining a PS role in the future**. We would be opposed to any future model which limited PSB to BBC and/or S4C/Channel 4 or which encompassed a 'competitive funding' model (with commercial bidders for public funds to make PSB programming). Of Ofcom's 4 future models for PSB we therefore favour only model 1 'evolution'.
16. We furthermore agree with Ofcom that 'In the long term the issues facing national, regional and local provision are very similar to those for the rest of PSB, and the long term choices represented by the four models...are the same here as in other genres' (1.43). **Our views on the funding options and our preference for Ofcom's model 1 (evolution) are emphatically the same for Wales as elsewhere - especially in the light of ITV's tradition of national and regional diversity, which 'make it an effective carrier for the delivery of regions and nations content' (8.11).**
17. Based on the general approach set out above:
 - We favour continuing strong roles as indigenous PSB production centres for **BBC Wales, ITV Wales and S4C**.
 - We support an expansion of the proportion of Welsh originated programming on **network BBC/ITV schedules**.
 - We believe 'out-of-London' productions should be **genuinely based on the use of local facilities and labour** (rather than notionally-

Welsh but in fact primarily using other production facilities and labour - as has sometimes been the case at BBC Wales).

- We support new and innovative developments in programme production, including local television by means of **bbcLocal**.

18. We further note in the **current crisis in the production of original children's programming**, despite strong viewer/parental support for locally-originated PSB children's programming in preference to foreign imports. We see the broad solutions for funding and future development as set out above for PSB generally. However, we also accept there may need to be additional short-term measures.
19. **We therefore favour a strengthening of S4C's remit in this area.** We note that S4C is the second largest commissioner of original children's programming in the UK and believe, with Ofcom, that the channel may have a broader role to play in this area. However, we believe that **this should only be in conjunction with appropriate extra resources** - as should be the case for any new children's channel.
20. In conclusion, we hope the Assembly will take note of our views on the future of PSB in Wales - especially on our support for a strong and plural PSB system in the digital future; on the need for the future funding gap to be met from industry levies and regulatory assets; on our fundamental opposition to top-slicing the BBC licence fee; on our support for a continuing role for ITV as a PSB provider; and our support for an enhanced role for S4C as a provider of children's programming.
22. We look forward to the further progress of the Inquiry.