

VLV CONFERENCE

WEDNESDAY, NOVEMBER 27TH

STEVE MORRISON, CHAIRMAN ALL3MEDIA

GOOD AFTERNOON EVERYONE.

THANK YOU VERY MUCH FOR INVITING ME BACK TO THE VOICE OF THE LISTENERS AND VIEWER'S ANNUAL CONFERENCE. I HAVE ENJOYED A LONG AND FRIENDLY RELATIONSHIP WITH YOUR ORGANISATION.

AS TORIN SAID, I'M THE CHAIRMAN OF ALL3MEDIA WHICH IS BRITAIN'S LARGEST GROUP OF INDEPENDENT TV PRODUCERS WITH A GROWING WORLDWIDE BUSINESS. THE UK HAS ALWAYS BEEN THE CRUCIBLE OF OUR CREATIVITY.

BUT WE HAVE TO RECOGNISE THERE ARE GREAT THREATS TO THE ORGANISATION THAT UNDERPINS OUR UK PUBLIC SERVICE BROADCASTING. IT'S HARD TO CONSIDER SITTING HERE AMONGST RIGHT THINKING PEOPLE THAT ANYONE WOULD QUESTION THE CONTINUED EXISTENCE OF THE BBC, BUT THERE ARE A GROUP OF DETERMINED NEWSPAPER PROPRIETORS WHO ARE NOT BOUND BY THE RULES OF IMPARTIALITY THAT BROADCASTING FOLLOWS AND WHO ALSO HAVE COMPETING INTERESTS ONLINE AND IN TV, WHO ARE DETERMINED TO REDUCE THE SCOPE AND SCALE AND PUBLIC FUNDING THAT GOES TO THE BBC. THEY HAVE NOW BEEN JOINED BY SELECTED OUTRIDERS OF ONE OR MORE POLITICAL PARTIES WHO ARE SOFTENING THE GROUND FOR A POTENTIALLY RETROGRADE SETTLEMENT AT THE NEXT CHARTER RENEWAL.

THOSE WHO BELIEVE IN THE ROLE OF THE BBC IN BRITISH AND GLOBAL SOCIETY SHOULD BE PREPARED TO WITHSTAND THESE PRESSURES.

I THINK THERE ARE FOUR BIG QUESTIONS THAT HAVE TO BE ADDRESSED:

1. SHOULD THE BBC LICENCE FEE CONTINUE AT THE SIZE IT IS NOW OR SHOULD THE BBC BE ASKED TO SCALE BACK ITS ACTIVITIES?

2. SHOULD THE LICENCE FEE BECOME A PUBLIC BROADCASTING FUND WHICH IS OPEN TO OTHER APPLICANTS SUCH AS CHANNELS AND PRODUCERS AS WELL AS THE BBC?

3. DOES THE EMERGENCE OF A BBC STORE WHERE CLASSIC BBC PROGRAMMES CAN BE BOUGHT CHANGE THE ARGUMENT FOR THE LICENCE FEE?

4. THE BRITISH INDEPENDENT TV PRODUCTION SECTOR IS THRIVING AND OUTPERFORMS THE SIZE OF THE UK IN THE WORLD MARKET. WHAT DOES THAT SECTOR AND THE WIDER UK CREATIVE INDUSTRIES NEED FROM THE BBC AND THE GOVERNMENT IN THE NEXT CHARTER RENEWAL SETTLEMENT?

I MAY THROW THE NET WIDER TO LOOK AT OTHER MEDIA DEVELOPMENTS BUT I THINK THE ISSUE FACING THE BBC IS SO IMPORTANT WE SHOULD CONCENTRATE ON THAT TODAY.

SO LET'S TAKE QUESTION NUMBER 1.

SHOULD THE BBC LICENCE FEE CONTINUE AT THE SIZE IT IS NOW OR SHOULD THE BBC BE ASKED TO SCALE BACK ITS ACTIVITIES?

CONTRARY TO WHAT WE ARE CONSTANTLY TOLD BY UK POLITICIANS, BRITAIN DOESN'T HAVE THE HIGHEST LICENCE FEE IN THE WORLD AND YET IT IS THE LEADING EXPORTER OF TELEVISION CONTENT NEXT TO THE US WHICH HAS A MUCH BIGGER HOME MARKET. YET SOME OTHER EUROPEAN WESTERN COUNTRIES PUBLIC SERVICE BROADCASTING LICENCE FEES ARE MUCH HIGHER THAN OURS,

E.G. GERMANY WITH AN ANNUAL LICENCE FEE OF €215 PLUS CONSIDERABLE REGIONAL FUNDS ON TOP

NORWAY €331

DENMARK €322

AUSTRIA €282

AND THE UK €186.

IN POUNDS THE LICENCE FEE FOR A COLOUR TV SET IS £145.50

IF YOU HAVE SEEN THE PRICES OF SMART TV SETS AND THE AVERAGE SUBSCRIPTION TO PAY TV, THAT IS A VERY REASONABLE NUMBER BUT WE CANNOT TAKE IT FOR GRANTED; WE MUST ARGUE THAT IT SHOULD BE MAINTAINED.

SHOULD THE LICENCE FEE BECOME A PUBLIC BROADCASTING FUND WHICH IS OPEN TO OTHER APPLICANTS SUCH AS CHANNELS AND PRODUCERS AS WELL AS THE BBC?

A LOT OF WORK WAS DONE ON THIS AT THE TAIL END OF THE LABOUR GOVERNMENT WHEN THE NEW DIGITAL ECONOMY BILL WAS BEING DEBATED. C4 MADE A STRONG CASE THAT ITS FUTURE WOULD BE UNDERMINED BY INCREASING CANNIBALISATION OF TV AND ONLINE ADVERTISING AND THEREFORE IT DESERVED A SUBSIDY TO HELP IT SUSTAIN ITS PUBLIC SERVICE REMIT. MUCH DEBATE TOOK PLACE AROUND WHETHER SUCH FUNDS SHOULD ONLY BE OPEN TO CHANNELS OR WHETHER, AS IN NEW ZEALAND AND AUSTRALIA, PRODUCERS COULD APPLY FOR PUBLIC FUNDS TO SUPPLEMENT BROADCASTING LICENCE FEES. ARGUMENTS ABOUT PROCEDURE BECAME MORE DIFFICULT THAN THE POTENTIAL GAIN.

AND WE HAVE SEEN IN SOME COUNTRIES, BROADCASTERS HAVE USED PUBLIC FUNDS TO SUBSIDISE PROGRAMMES SO MUCH THAT THEY HAVE MADE THEIR LICENCE FEES TOO SMALL AND PRODUCERS HAVE HAD TO APPLY FOR A PUBLIC SUBSIDY FOR ANY HIGH LEVEL PROGRAMME. I WOULD ARGUE THAT THE NEW

TAX BREAK THE GOVERNMENT HAS INTRODUCED FOR PREMIUM DRAMA, COMEDY, DOCUMENTARY AND ANIMATION IN TV IS A FORM OF SUBSIDY BY THE BRITISH TAX PAYER.

YET C4 STILL HAS A CASE. ON THE WHOLE IT ONLY OWNS PROGRAMME AND DISTRIBUTION RIGHTS FOR A MINORITY OF ITS PROGRAMMES. WHILST IN THE SHORT TERM WE SHOULD SEE TV ADVERTISING RISE AS ECONOMIC GROWTH RETURNS, IN THE LONG TERM C4 COULD BE SQUEEZED. C4 IS BRITAIN'S ONLY MAJOR CHANNEL WHICH ENTIRELY RELIES ON PUBLISHING INDEPENDENT PROGRAMMES. AS C4'S FORTUNES MAY FALTER, THUS SO WILL THE INDEPENDENT PRODUCTION SECTOR. THEREFORE I THINK THE BBC NEEDS TO LOOK TO A PACKAGE OF MEASURES WHICH WOULD HELP IT DEFEND ITS SOLE USE OF THE LICENCE FEE. IF C4 IS NOT TO BE SUBSIDISED THEN I THINK THE BBC'S IN HOUSE PRODUCTION GUARANTEE SHOULD REDUCE FROM 50-25% THUS ALLOWING A FAIRER COMPETITIVE PLAYING FIELD ON THE BBC'S AIRWAYS.

TO PUT THIS ANOTHER WAY, IF C4 INCOME GETS SQUEEZED, BRITAIN'S INDEPENDENT PRODUCTION INDUSTRY WILL GET SQUEEZED WITH IT, SO EITHER C4 SHOULD BE HELPED BY PUBLIC SUBSIDIES OR THE BBC SHOULD OPEN ITS AIRWAVES TO MORE SOURCES.

PLEASE NOTE I AM NOT ASKING FOR MORE INDEPENDENT TV PROGRAMMES TO BE GUARANTEED – JUST FOR 50% OF THE PROGRAMMES COMMISSIONED BY THE BBC TO BE OPEN TO COMPETITION FROM ALL PRODUCERS INTERNAL OR EXTERNAL, WHICH WOULD MEAN EXTENDING THE W.O.C.C. FROM 25-50% AND WOULD SHOW HOW THE BBC UNDERPINS THE UK'S CREATIVE INDUSTRIES.

DOES THE EMERGENCE OF A BBC STORE WHERE CLASSIC BBC PROGRAMMES CAN BE BOUGHT CHANGE THE ARGUMENT FOR THE LICENCE FEE?

IN A SHORT ANSWER NO.

THERE HAS LONG BEEN A TRADITION IN BRITAIN THAT YOU GET BBC PROGRAMMES ON AIR AND CATCH UP FOR FREE, AS THEY ARE PAID FOR BY THE LICENCE FEE BUT IF YOU WANT TO SEE A CLASSIC PROGRAMME YOU BUY IT FROM ANOTHER SOURCE. IT USED TO BE CALLED THE DVD AND NOW IT COULD BE A DIGITAL DOWNLOAD TO OWN OR IN EFFECT AN ELECTRONIC DVD, THUS CURRENT AND ARCHIVE PROGRAMMES ARE QUITE DIFFERENT PRODUCTS.

SECONDLY WE HAVE LIVED WITH UK TV DIGITAL CHANNELS WHICH SHOW APPROXIMATELY £30M OF BBC PROGRAMMES EVERY YEAR AND WE ARE HAPPY TO PAY FOR THEM IN A PAY TV SUBSCRIPTION. UK TV PAYS THE BBC FOR THESE PROGRAMMES, AND THEREFORE THE MONEY GOES BACK TO ENHANCE THE VALUE OF THE BBC'S SERVICE TO THE LICENCE FEE PAYER.

THIRDLY COMMERCIAL DIGITAL STORES ALREADY EXIST, I.E. ITUNES AND GOOGLE PLAY. THEY SHOW BBC PROGRAMMES AND CHARGE THE BBC 30% OF THE CONSUMERS PRICE TO DO SO. WHY SHOULDN'T THE BBC HAVE ITS OWN PUBLIC STORE AS WELL AS THE COMMERCIAL ONES? NO REASON BUT THE BBC WILL HAVE TO EDUCATE ITS VIEWERS THAT IT'S RIGHT TO PAY FOR SOMETHING IN THE BBC STORE AS THEY DO WITH ITUNES.

THE BRITISH INDEPENDENT TV PRODUCTION SECTOR IS THRIVING AND OUTPERFORMS THE SIZE OF THE UK IN THE WORLD MARKET. WHAT DOES THAT SECTOR AND THE WIDER UK CREATIVE INDUSTRIES NEED FROM THE BBC, THE GOVERNMENT AND THE NEXT CHARTER RENEWAL SETTLEMENT?

ACCORDING TO OFCOM, OVER THE 5 YEAR PERIOD BETWEEN 2007 AND 2012 FIRST RUN ORIGINAL CONTENT SPEND ACROSS THE 5 MAIN PSB CHANNELS AND THE BBC DIGITAL CHANNELS DECREASED BY 13% (£384M) IN REAL TERMS. THE REDUCTIONS IN SPEND WERE MOST SUBSTANTIAL ON BBC2, DOWN 28% AND ITV, C4 AND THE BBC DIGITAL CHANNELS ALL RECORDED A DECLINE OF 13%.

SPENDING IN 2012 WAS ACTUALLY LOWER THAN IT WAS IN 2000 IN REAL TERMS AND INTERESTINGLY THE PROPORTIONS OF CONTRIBUTION BETWEEN THE BBC AND THE COMMERCIAL PSBS CHANGED WITHIN THIS PERIOD. IN 2012 £1.3BN WAS SPEND BY THE BBC AND £1.24BN BY THE COMMERCIAL PSBS IN AGGREGATE, COMPARED TO £1.34BN FROM THE BBC AND £1.54BN FROM THE COMMERCIAL PSBS IN 2000. THUS WE SEE THAT THE COMMERCIAL PSBS HAVE REDUCED THEIR ORIGINAL CONTENT SPEND BY £300M, IE 20% IN THE LAST 12 YEARS WHEREAS THE BBC HAS ROUGHLY HELD ITS SPEND WHILST DISTRIBUTING IT DIFFERENTLY ACROSS ITS CHANNELS.

SINCE THE GOVERNMENT ADDED VARIOUS OBLIGATIONS TO THE BBC'S LICENCE FEE IT HAS HAD TO FREEZE OR EVEN REDUCE SOME PROGRAMME PRICES.

THE IMPORTANCE OF THESE FUNDS IS THAT THE BBC IS PROVIDING ABOUT HALF THE MONEY THAT SUSTAINS BRITISH PUBLIC BROADCASTING AND ANY FURTHER REDUCTION IN THAT WOULD HAVE A HUGE IMPACT.

REMARKABLY BRITAIN, A COUNTRY WHICH IS ONLY 7% OF THE WORLD TV MARKET EXPORTS OVER 50% OF THE WORLD'S TV FORMATS BUT IT IS HARDER TO SELL INTERNATIONALLY IF YOU ARE IN A DECLINING HOME MARKET.

THE NATURE OF OUR UK PSB CHANNELS IS PARTICULARLY SUITED TO THE INVENTION OF A HIGH VOLUME OF ORIGINAL TV PROGRAMMES.

WHY?

1. WE SPECIALISE IN SHORT RUNS, OFTEN 6 PART SERIES THEREFORE A LARGE PROPORTION OF OUR TV SCHEDULES NEED TO BE REFRESHED WITH NEW PROGRAMMES EVERY YEAR
2. WE TEND TO BUY MOST PROGRAMMES OFF PAPER FORMATS OR SCRIPTS SO WE GET NEW PROGRAMMES QUICKER TO AIR THAN OTHER COUNTRIES.
3. WE HAVE A LARGE TALENTED POOL OF PRODUCERS, DIRECTORS, WRITERS, ACTORS AND TECHNICAL CREW. OUR FACTUAL PROGRAMMES, DOCUMENTARIES AND DRAMAS ARE OF A VERY HIGH STANDARD.
4. AND MOST IMPORTANTLY, THE UK TERMS OF TRADE BETWEEN PRODUCERS AND BROADCASTERS ARE AMONGST THE MOST PROGRESSIVE IN THE WORLD. THE PRODUCER OWNS THE UNDERLYING INTELLECTUAL PROPERTY OF THE PROGRAMMES AND SELLS A LICENCE TO TRANSMIT FOR A NUMBER OF YEARS TO THE UK BROADCASTER WHO ALSO GETS A SMALL NET PARTICIPATION. THUS OWNING AND CONTROLLING OUR IP, PRODUCERS ARE ABLE TO SELL THESE PROGRAMMES AND FORMATS AROUND THE WORLD AND INTO DIGITAL AND SECONDARY CHANNELS.

BUT AS I'VE STATED OUR INTERNATIONAL EXPORT SUCCESS DEPENDS ON THE FERTILITY AND VOLUME OF OUR IDEAS IN OUR HOME MARKET. WE WOULD BE SEVERELY PUNISHED INTERNATIONALLY AND REDUCE OUR STRONG EXPORT POSITION IF CIRCUMSTANCES WEAKENED THE UK MARKET. WE MUSTN'T ALLOW POLITICAL PREJUDICE OR COMMERCIAL INTERESTS TO DAMAGE THIS ENVIRONMENT LARGELY UNDERPINNED BY THE BBC LICENCE FEE. WHY WOULD THE GOVERNMENT CHOSE TO ERODE THE SUCCESS OF OUR CREATIVE INDUSTRIES?

I BELIEVE THE BBC AND ITS SUPPORTERS MUST PREPARE ITSELF ON ALL THESE ISSUES TO PROTECT WHAT IS MOST IMPORTANT, THE LICENCE FEE.

THANK YOU VERY MUCH.