



RESPONSE

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## A public service for all: The BBC in the digital age

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DCMS White Paper, 14 March 2006

### BBC, Music and the Creative Industries

- **BBC Trust.** PPL & VPL broadly welcome the establishment of the BBC Trust. It has a clear role to represent the interests of the licence-fee payers and to scrutinise the performance of the BBC executive. A key test will be its ability to reflect third party interests in the wider market so that the BBC contributes towards a more vibrant market rather than foreclosing and limiting consumer choice. Much will depend on the quality and integrity of individuals appointed as Trustees and their sensitivity and understanding of the wider creative economy in which the BBC is such a major player.
- **Creative Industries.** The Rt Hon Tessa Jowell MP described the BBC as “the nation’s venture capital fund for creativity”. The key purpose to stimulate creativity and cultural excellence encapsulates that, but, from the description in the Framework Agreement, that seems limited to the BBC working alone. There is no mention of the BBC working with the rest of the creative industries, despite that being a constant theme of the rhetoric during the Charter debate. We would suggest specific reference to the creative industries in paragraph 9 and/or paragraph 22 of the Framework Agreement.
- **Respect for Rights.** With creativity, innovation and new technology at the heart of the new BBC Charter, the BBC will be making even greater use of creative talent across multiple platforms. As the relationship between the BBC and the creative sector becomes less transactional and more rights-based, it is essential that the BBC respects the rights of all creators, from orchestral musicians to record companies. We suggest this should be a specific commitment within the Framework Agreement, in paragraphs 32 or 65 of the Framework Agreement.
- **Music.** Despite the fact that music has been identified as one of the key elements of public service broadcasting, there is no mention of music in the draft Charter or Framework Agreement (apart from the descriptions of existing services). Music is one of the UK’s key cultural strengths. It should form a specific part of the BBC public purposes, most appropriately within paragraph 9 of the Framework Agreement.

- **Market Impact.** We welcome the new obligation on the BBC to have regard for the competitive impact of its activities and to adopt a fair trading policy covering both public service and commercial services. We note that this obligation is to be regulated by the BBC Trust. With its independent structure, we expect it to discharge its duties properly but we question how the Trust will act if there is an apparent conflict between its primary obligations to licence-fee payers and its secondary obligations to consumers and the wider market.
- **BBC Archive.** The BBC has a huge and valuable archive which should be made available now that digital technology enables cost-effective business models. The market impact of any release of BBC archive material will be considerable. There should be a default to adopting similar pricing and business models as the rest of the market, using BBC Worldwide as the vehicle. Any BBC (public) service using archive material should be rejected in the market impact assessment and public value test if there is the potential for release under a commercial model.

PPL  
April 2006

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## **PPL Facts & Figures**

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### **PPL Facts and Figures**

- Licenses on behalf of 4,000 record companies and 40,000 performers.
- Licenses 200 TV channels and 300 radio stations broadcasting recorded music, as well as over 200,000 pubs, nightclubs, restaurants, shops and other places playing recorded music in public.
- Has negotiated bilateral agreements with 20 other collecting societies to collect overseas airplay royalties.
- Collects over £80m in airplay royalties for performers and record companies.
- Distributes revenue using a comprehensive track-based system – analysing over 17m uses of recorded music reported by TV and radio stations, background music suppliers and venues playing recorded music in public. All track plays are matched to PPL's repertoire database CatCo, containing information on 8.5m tracks.
- Distributes to all the performers – featured artists, session musicians and backing vocalists – as well as the record companies that create the sound recordings that are played.
- Is the largest performer/producer collecting society in the world.

### **PPL Recent Achievements**

- In 2004, achieved a 5.3% growth in net revenue for the rightholders.
- In the last four years, has increased net revenue by 40%, generating an additional £20m payable to record companies and performers, and almost halved the cost/revenue ratio.
- In 2005, PPL's CatCo was selected as the database underpinning the official combined download and singles chart.
- In 2003, distributed over £25m in back royalties based on improved information on track ownership and performer line-up.
- Signed the IFPI Simulcast Agreement in 2002 and the Webcast Agreement in 2003 paving the way for multi-territorial licences.

## **PPL and Performers**

- In 2001, set up the Performers Forum with AURA, Equity, MPG, MU and PAMRA.
- Located several thousand artists due royalties as a result of the joint RoyaltiesReunited campaign.
- In January 2003, two performer representatives joined the PPL Board as attendees, followed a year later by a third.
- In 2003, signed two Memorandums of Understanding laying down the principles for closer cooperation and collection of overseas airplay royalties.
- At the 2004 AGM, voted to create three Performer Director positions on the PPL Board. The three Performer Directors, representing the interests of the entire performer community, are now John Smith, Nigel Parker and Gerald Newson.
- In 2006, submitted proposals to the OFT to create a new structure for PPL, integrating collection and distribution of UK and overseas royalties for all performers.

## **VPL Facts and Figures**

- Represents 1,000 music video producers.
- Licenses 60 TV channels broadcasting music videos, including 25 specialist music channels.
- Licenses around 2,000 pubs, nightclubs and other places playing music videos in public.
- Collects over £8m in airplay royalties for music video producers.
- Offers a sourcing service, Music Mall, for back catalogue video clips and other footage.
- Is the largest music video collecting society in the world.

## **VPL Recent Achievements**

- Recently concluded a licence with MTV on behalf of independent companies throughout Europe.
- In 2003, integrated management operations with PPL resulting in cost efficiencies to rightholders.
- Concluded licence arrangements for new video on demand services, such as Home Choice, NTL and Telewest, and the new store forward and narrowcast services.

## **April 2006**