



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

Comments from Yahoo! UK & Ireland

Introduction

Yahoo! UK & Ireland welcomes the White Paper on the future governance and regulation of the BBC as it prepares for Charter renewal later this year. We welcome this opportunity to offer some brief comments on the Government's proposals.

Clarity and certainty

The BBC's role as the UK makes the transition to a new technological age will be an important one but one which must strike a delicate balance between creating public value and nurturing an innovative and competitive new media market. The separation of the different roles of internal governance, accountability and regulation will be crucial to securing a level playing field in a fast-moving market. The proposal to introduce a 'triple lock' system comprising (1) service licences, (2) criteria to ensure output meets the BBC's objectives and (3) a mechanism to allow scrutiny of BBC proposals is commendable and we welcome the principles it seeks to establish.

The White Paper explicitly acknowledges that many of the BBC's activities have the potential to distort competition and have a significant and adverse impact on the development of commercial markets. Proposals to fill gaps in the competition policy framework go some way to bringing clarity to the framework but it could go further in some areas:

- *Transparency* – There needs to be a clear obligation on the BBC to make detailed proposals of new services and substantial changes to existing service licences publicly available so that they can be scrutinised by the market as well as by the BBC Trust and the relevant competition authorities. This obligation to publish should make clear what market failure the service would address. We welcome the White Paper's proposal that the Trust should consult with industry on the potential market impact of a new or significantly modified service and suggest that it is made a formal requirement.
- *Effective decision-making* – The White Paper sets out broadly the process for completing the market impact assessment and the public value test. It could go further in setting expectations of the timeliness of decisions, resourcing levels and the levels of expertise the Trust and the relevant competition authorities will have available to carry out these assessments. This is a fast-moving market and the framework put in place will need to be responsive to the pace and unpredictability of the changes ahead.
- *Non-broadcast services* – The White Paper assigns Ofcom a role in assessing the market impact of BBC proposals. It is, however, not clear how new services will be treated where they fall outside Ofcom's remit. This will be particularly important as we expect an increasing number of new BBC services

and changes to existing services to be in non-broadcast and new media services.

Looking ahead

The BBC Governors have publicly stated their commitment to the new regulatory framework and we look forward to its introduction. In addition, the BBC's new interactive media player will be subject to a public value test and market impact assessment. We understand that the first stage of the analysis is due to be completed in mid-May. We welcome this assurance. The White Paper, however, is not clear how the framework will be applied in the interim before it formally comes in to effect. We suggest that Government clarifies the process as soon as possible.

We also note the BBC's recent publication of the recommendations emerging from its *Creative Future* project. Given the scale of ambition shown by these recommendations and the fact that some go far beyond what the Governors set out in their consultation *Building Public Value*, we rely on the Governors, DCMS and Ofcom to ensure that these proposals are subject to the appropriate regulatory and public scrutiny set out in the White Paper *before* the BBC takes steps to implement these recommendations. Again, we suggest that Government clarifies the process as soon as possible.

Finally, we support the emphasis the White Paper places on the BBC as a provider of content that is complementary to what is available on commercial channels rather than directly competing with it. Technological developments present new opportunities for creating and distributing PSB content but the White Paper is silent on the prospect of the BBC establishing meaningful partnerships with other entities rather than replicating commercial services and technologies. Both the public value test and market impact assessment should reflect on partnership as an option. We also encourage Ofcom to explore partnership as part of its examination of the proposal for a public service publisher.

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