



**Response to the Department for Culture, Media and Sport consultation on: Sustainable independent and impartial news; in the Nations, locally and in the regions.**

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**Introductory Comments**

1. Equity is a trade union representing 37,000 performers and creative personnel who work across the whole spectrum of entertainment in the UK. Our members work in a range of media and the creative industries including visual broadcasts, sound recordings and film, principally in drama, comedy or entertainment productions.
2. Equity maintains a strong interest in the future of all UK content and has made numerous submissions to Ofcom on this issue. Specifically, Equity took part in the consultations attendant to Ofcom's review of public service broadcasting during 2008.<sup>1</sup>
3. This response will not address all of the issues raised in the consultation document, but will primarily focus on Equity's concerns regarding UK content. Equity members work principally in drama, comedy and light entertainment. We therefore do not seek to contribute specific views on news provision however we welcome the opportunity to comment on how the Government's proposals concerning funding for impartial news will have a bearing on public service content more generally.
4. One of Equity's key objectives is to ensure that all broadcasters can continue to contribute positively to producing original British programming as much as possible in the digital age. Producing the broadest possible range of content promotes competition for quality, is in the interest of audiences and secures the UK's competitive advantage in this field.
5. The BBC is the largest employer of actors and performers in the UK and provides a wealth of training opportunities for creative workers. Because of the investments it makes across a diversity of disciplines, including drama, comedy, entertainment, as well as factual programming, the BBC is able to provide decent jobs and engaging work for Equity members.
6. While Equity supports the contention that the provision of impartial news is an essential public good, the specific proposals contained in the consultation will have the effect of reducing the overall pot of funding available to the BBC. Consequently there will be a negative impact on the working lives of many of

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<sup>1</sup> Equity's submissions to OFCOM PSB Review 2008 and PSB Review Phase 2 – Preparing for the Digital Future are available from: <http://www.equity.org.uk/Campaigning/Submissions/>

our members and on the overall production of UK content. Equity is additionally concerned that the proposal to share the licence fee, initially through a contained contestable element, represents a first step in dismantling the licence fee system altogether.

***Do you agree that securing plural sources of impartial news for the Nations, locally and in the regions should be a key priority?***

***Do you agree that sustainable impartial news in the Nations, locally and in the regions is likely to require some top-up public funding?***

7. The need to secure plural sources of impartial news for the Nations, locally and in the regions was one of the core elements of the Final Digital Britain Report. Drawing on the conclusions of OFCOM's 2008 Review and the Digital Britain consultation process, Chapter 4 of the Final Digital Britain Report states that:

*“The emerging gaps in market provision are concentrating in particular on News in the Nations, regionally and locally, on material for older children including online content, and hard factual and documentary.” Page 137*

*“The Government believes that the market alone will not provide plurality in the ownership, commissioning, editorial and production of public service content that remains essential. That is particularly true of news.” Page 141*

8. Equity agrees that, on its own, the market is unable to generate a plurality of public service content. Only 10% of spending on UK production comes from non PSB digital and satellite broadcasters. These channels rely upon a combination of investment in sports rights, film rights and content produced originally by public service broadcasters, rather than putting anything back in terms of original content.
9. The expansion in the number of media outlets and broadcasters has also resulted in a fragmentation of audiences and a fall in advertising revenues. This has led to a decline in original production in most genres, including children's programming, high quality drama and some forms of entertainment, as well as in news, as the Digital Britain report acknowledges:

*“Ofcom in their Statutory Review also identify other potential gaps, such as high-end drama and original comedy and satire and more generally, content that falls under the banner of innovative.” Page 137, Final Digital Britain Report*

10. It is disappointing that the Government's response to this potential threat is:

*“in an era of limited funding, it is critical to distinguish between where plurality is desirable and where it is essential and to focus public intervention on the latter.” Page 137, Final Digital Britain Report*

11. Equity believes there is a pressing need to protect and prioritise the production of drama, comedy and entertainment which reflects the lives of the UK population. Challenging drama, original comedy and entertainment made in and about the UK will begin to disappear from our screens at an increasing rate unless investment is made available. The public service tradition in broadcasting has given the UK a reputation for producing programming of the highest quality – content that not only enhances this country's culture but which is also makes a major economic contribution through overseas sales and licensing. For these reasons Equity strongly believes that the Government should revisit its priorities and commit resources towards ensuring plurality across the spectrum of public service content.

***Do you agree that the Television Licence Fee should be used to support impartial news in the Nations, locally and in the regions in addition to BBC services?***

12. Equity rejects the proposal to ring-fence the element of the licence fee reserved for the digital switchover help scheme, currently set at 3.5%, to be used to provide support for other elements of public service broadcasting. This approach would not only constitute a failure to secure any new or additional funding for general PSB purposes, but would also sever the important link between BBC services and the licence fee payer. The licence fee should fund BBC programme making and services and should not be distributed directly to commercial broadcasters to support the dividends and value available to private shareholders. To do so would undermine the credibility and support for the licence fee in the eyes of those who pay it.
13. Any reduction in licence fee funding available to the BBC will undermine its ability to continue to fulfil its role as the cornerstone of PSB and driver of the UK's creative industries. The BBC currently plays a key role providing a broad range of programming for audiences and supporting the creative industries. The supply of high quality public service content from a trusted source such as the BBC will be extremely helpful in attracting consumers and supporting new business models for UK content in the global digital marketplace. Indeed, the Final Digital Britain Report envisages the BBC as a key player in the digital age, as an enabler of new media and a promoter of UK content. This will only be possible if sustainable and unthreatened licence fee funding is secured for the long term.
14. The BBC is also one of the biggest employers of performers in the UK and the main provider of education and training for workers in the creative industries. The digital economy has the ability to provide a large number of jobs and to generate significant value for the UK economy. Equity is very concerned that at this opportune time, instead of committing extra funding to those who produce lucrative content, such as the BBC, the Government is proposing to reduce the monies available.
15. Equity is not opposed in principle to injections of public funding to broadcasters other than the BBC. For example, we have previously argued

that if the appropriate case can be made it may be appropriate to provide Channel 4 with targeted assistance to enable it to continue to produce high quality programming. Equity does not, however, agree that this funding should come from an already established source, such as the BBC licence fee, which is already committed to other essential functions.

16. We also note that our colleagues in the NUJ, who have an interest in better and more sustainable funding for news production, are against proposals to share the BBC licence fee to finance news provision. The NUJ have argued that top-slicing of the BBC licence fee would undermine the corporation's independence and would put public service broadcasting at risk. They have also argued that while funding needs to be found to support news provision outside the BBC, there are other options that wouldn't inflict the same damage to public service broadcasting.
17. Equity agrees that the licence fee system, paid for by individual households at a level set by government but collected separately from general taxation and administered by the BBC, is one which has given the BBC a degree of independence from government essential for an organisation committed to provide independent and impartial news and current affairs as well as a full range of entertainment and educational services.

***Do you agree that any funding within a contained contestable element of the television licence fee not required for impartial news should potentially be available to fund other forms of essential public service content, or should such funding be limited to news?***

***Are there alternative funding mechanisms that you believe would deliver the above objectives more effectively?***

18. We are heartened by the Government's commitment to consider alternative funding mechanisms:

*"The Government will be open to other ideas and proposals in the consultation period which meet the objectives of maintaining a strong, independent BBC, while providing a sufficiency of sustainable contestable funding to support public service content, particularly in local, regional and Nations news."* Page 144, Final Digital Britain Report

19. Equity would favour a much more detailed examination and consideration of industry levies to support original UK content. There are a number of potential forms for such a levy, including those on recording equipment/blank media; retransmissions; non-PSB broadcasters and new media. In addition, a number of industry levy models for supporting PSB already exist in other countries including France, Canada, Spain and Italy. Furthermore, the UK is one of a minority of only five EU member states that does not operate a copyright levy. There are likely to be clear benefits to models such as these
20. Industry levies offer the opportunity to use significant new income streams to address the content funding gap. We would urge Government to give detailed

consideration to industry levies, especially those on non-PSB broadcasters and new media platforms. Non-PSB broadcasters have gained immensely from the digital marketplace while only contributing a small amount of original UK content and new media companies are likely to follow in this vein.

21. Equity continues to believe that licensed broadcasters operating in the UK should be required to pay a levy, at a rate that reflects their PSB contribution. A higher payment would be due from successful broadcasters without a clear PSB commitment, whereas there would be a lower financial requirement from broadcasters with identifiable PSB output. A system such as this could generate significant investment in original UK production and provide greater incentives for non PSB broadcasters to increase their content production.

***Do you agree with the proposal to set a maximum percentage of Television Licence Fee revenue which could be set aside as a contained contestable element?***

***Do you agree that amending the BBC Agreement could provide the necessary protection to the BBC's future funding and independence?***

***Do you agree that the use of any contained contestable element within the Television Licence Fee should be restricted to the public purposes set out in the BBC Charter?***

22. The Final Digital Britain Report expressed a concern that *“a Contestable Element was truly contained and could not over time become simply another form of general taxation.”* Page 143
23. Equity fears that it is inevitable that the proposed Contestable Element of the licence fee will evolve over time. We are especially concerned that this proposal to distribute licence fee funding will provide leverage for other projects and interests to demand ever increasing proportions of the licence fee. Our foremost concern is that this initial proposal to fund impartial news provision will ultimately lead to the eventual dismantling of the licence fee funding system.
24. Equity is particularly concerned that given it is not necessary to introduce primary legislation to make changes to the operation of the BBC Licence Fee it will be relatively easy for future Governments to continue to expand the proportion of the contestable element.
25. We are not convinced that an amendment to the BBC Agreement specifying a maximum percentage of the Licence Fee that would become the Contained Contestable Element would be a sufficient safeguard. Similarly we believe that the proposal to tie the use of the Contained Contestable Element to the specific Public Purposes set out in the BBC Charter would not constitute a robust means of defending the BBC's independence or funding.
26. The BBC Charter defines its key public purposes as sustaining citizenship and civil society; promoting education and learning; stimulating creativity and cultural excellence; reflecting the UK, its national regions and communities;

bringing the world to the UK and the UK to the world; helping to deliver to the public the benefit of emerging communications technologies and services and, in addition, taking a leading role in the switchover to digital television. The public purposes listed above are expressed in general language and could lead to any number of organisations staking a claim for licence fee funding.

27. Equity believes that none of the three proposals listed above will be able to sufficiently protect the funding and position of the BBC and its ability to remain independent. We are strongly in favour of maintaining the Licence Fee exclusively for use by the BBC.

**21<sup>th</sup> September 2009**

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