

Thank you for the opportunity to comment on the "Digital Britain" report.

I am especially concerned about the economic assumptions made in section 3.1. I completely agree that the UK content creation sector has many strengths and advantages that should be nurtured. However the report fails to clearly distinguish between activities that *create value*, namely actual creation of content, and those which *transfer revenue*, such as royalty collection.

The UK games and TV production industries are successful because they create value in new products, and these products benefit "UK PLC" by sales overseas. Contrast this with the TV Licence fee, necessary in the current funding model, but which does not directly generate income for UK PLC.

However, rather than creating significant incentives for value creation, the report's recommendations concentrate on revenue collection. This will be to the detriment of content creators, due to the expensive requirements for legal clearance on any possible use of copyrighted material. So not only does this penalise the illegal file sharers mentioned in the report, but it also penalises the content creators themselves. And for no gain to UK PLC - in fact a strongly enforced royalty regime is likely to result in transfer of funds outside the country, the majority going to US content creators.

Action 11 starts to look towards a solution, but is still fixated on prevention of illegal use, rather than legalising activities and allowing revenue to be made which can flow towards content creators. A "compulsory licence" scheme would help, assuming the licence fees were set proportionately. Statistical sampling of watermarked material would offer a way of measuring who should be rewarded; in this way, people who successfully redistribute material could be encouraged, rather than penalised. Even better, a copyright regime that facilitated re-working of material without requiring lengthy legal agreements would promote content creation, not only by large businesses, but also individual citizens. Those few who were successful in gaining popularity would be able to reap their just rewards. Those not so successful might not meet the minimum level to cover the cost of sending a royalty cheque.

So photos, videos, music, books published on the internet would be able to attract a certain proportion of the revenue being raised, likely to be through advertising, or possibly subscription services. By allowing re-use, and potential rewards to the creators, a swathe of restrictions would be removed, truly an encouragement to content creators. Whilst most individuals would be unlikely to gain wide distribution of their work, the few highly successful "blockbusters" would be able to get rewarded for that success, and in turn that would encourage others.

This scheme could also apply to other areas of creation. In particular to software development - for example the UK is strong in open source software development, and the associated skills are beneficial to the country. By including software in the collection scheme, an additional revenue stream would be formed to reward those developers, and help them produce further works.

I believe any such scheme to "promote the Progress of Science and useful Arts" (to quote the US Constitution) would create significant benefits for the country. And simplified fair schemes for revenue collection would assist in this.