

Chapter 2: Public policy objectives

Economic and social objectives

2.1 The communications markets raise significant competition and, because of the central role they play in our lives, consumer protection issues. Communications are not just an industry and a commodity; they are a basic element in developing and reflecting the preferences and perspectives of citizens in all aspects of their lives. With this in mind, the Government has a range of economic and social policy objectives for the communications industry:

- a) access
- b) universal service
- c) choice
- d) competitiveness
- e) investment
- f) competition.

The Government will regulate, where necessary, in the consumer interest, but regulation will be no more than is required to achieve the necessary protection. Wherever possible, the Government will support and encourage the operation of the market to encourage investment and the development of new services.

Securing widespread access to services

2.2 The Government's approach to ensuring that the opportunities of the Information Age are open to all is set out in 'Our Information Age'. Increasingly, the whole range of services from education and training, through transactions assisting people in their everyday lives, to cultural and leisure services will be available 'on-line'. The Government considers it essential that, wherever practically possible, individuals and communities throughout the UK should have ready and affordable access to these advanced services.

2.3 In part, this requires the increased availability of advanced digital networks, supporting new services, being rolled out throughout the country. It also requires that individuals now, and in the future, acquire the skills and confidence to engage with the new technologies.

Providing universal service

2.4 Universal service is based on the premise that all people should have access to basic telecommunications services if they are to participate in a modern society. Regulatory measures ensure that telecommunications services are available to people who might not be reached in a purely competitive market (eg those who find it difficult to afford a phone or those living in remote rural areas that are expensive to serve). While this does not mean everyone has to be connected to the telephone network, it does mean that no one is excluded by reason of poverty or location.

2.5 Public service broadcast organisations are required to provide a service which is not solely determined by commercial considerations, to ensure that their service is available to the whole population. In providing this, they serve to express and develop the identity of the nation. All citizens also need access to high quality material for education, entertainment and information if they are to realise their potential as individuals. There will be a continuing need to ensure that these ends are secured, whatever additional choices may be available in terms of pay services.

Consumer choice

2.6 In all markets, consumers should be able to exercise choice between alternative providers of services which meet acceptable levels of price, quality and reliability. Competition gives firms incentives to respond to consumer needs, driving down prices and improving service quality and innovation, which, in turn, improves the choice available to consumers.

Achieving competitiveness

2.7 The Information Age sectors are already significant in terms of UK GDP and are set to become perhaps the most significant within the next few years. The deployment of digital technologies benefits not only those engaged in these sectors, but potentially affects the competitive position of almost every other industrial sector. Since markets are increasingly global – particularly if they are mediated electronically across global networks – domestic firms increasingly must compete with strong players from abroad. It is clearly central to the health of the UK economy that UK firms are fully competitive in world markets, not only to defend the domestic position, but also to attract a share of global revenues and jobs to the UK.

Promoting investment

2.8 A key to ensuring competitiveness is ensuring that the regulatory framework attracts both domestic and inward investment in key areas of both infrastructure and services. The key issue here is to provide a framework which encourages new entry and competition and which, while flexible enough to evolve, provides sufficient stability over the investment cycle to ensure early investment takes place.

Fostering competition

2.9 The Government aims to support the development of competition and new entry not as ends in themselves, but because they offer valuable protection to consumer interests and serve to underpin the other objectives listed above.

Electronic commerce

2.10 The Information Age presents both challenges and opportunities to business. Companies face the twin pressures of more choice for consumers as global electronic commerce takes hold, and more opportunities for competitors as barriers to market entry come down. But these pressures represent opportunities too in domestic and overseas markets. The role of Government is to put in place a secure legal framework for electronic commerce, to ensure effective and sustainable competition and to help companies exploit their strengths and improve competitiveness, whilst ensuring that consumers are protected and feel confident

in engaging with the new services. The Government wants electronic commerce to thrive, and for the UK to be a leader in its development.

2.11 As well as promoting competition, the Government can do more to help companies to modernise using new technologies. As part of the Competitiveness UK initiative launched by the President of the Board of Trade, the Government set up working parties of senior business people to examine ways in which companies can exploit the new opportunities created by the Information Age. Their conclusions will be reflected in the Competitiveness White Paper later this year.

Our objectives for content-based services

Why regulate broadcast content?

2.12 A system of content regulation specific to broadcasting is required because of a number of qualities which set it apart from other media. Four are particularly significant:

- Broadcasting is virtually universal in its reach. 99 per cent of us watch television, and on average we view for over 25 hours a week.¹ In a recent survey by the ITC, 87 per cent of respondents said they watch television every day.² Over 40 million adults listen to radio each week, for an average of around three hours per day
- Material transmitted by traditional broadcasting may be regarded as relatively unsolicited, but freely accessible: the public has limited control over what may be received on free to air channels, which will continue to dominate viewing for some time
- Broadcasting, and especially the combination of sound and moving pictures, is a powerful means of communication with a potential to influence which goes beyond that of any other medium. Broadcasters who command a mass market are in a unique position to promote access to our culture, to educate and to inform: functions essential to a healthy democracy. There is strong research evidence of public concern about the content of broadcast services, and public support for regulation
- Control of television broadcasting has tended to be concentrated in relatively few hands. Analogue transmission of a single channel demands a large proportion of the available spectrum, so that relatively few channels can be provided. Thus the power of the medium has been vested in a small number of organisations, with implications for consumer choice and for the exercise of the considerable influence which access to the airwaves confers. While spectrum scarcity may be less significant in the future, other sources of market power, such as control of gateways or of premium content, will mean that broadcasting-specific competition issues will continue to require attention.

2.13 These factors together demand that Government formulate policies to ensure that broadcasting makes a positive contribution to its cultural, social and educational goals. For as long as broadcasting activities continue to exhibit this combination of features, policies specific to the sector will remain necessary.

¹ 'Social Trends 1997', ONS

² 'Television, The Public's View 1997', ITC

2.14 For these reasons, programmes transmitted on television and radio are subject to specific regulation, of two distinct types:

- a) positive content requirements aimed at ensuring that programmes of certain types are provided, eg children's programmes, religious programmes, regional programming, and that a varied range of high quality programmes is available
- b) negative content controls which seek to prevent the transmission of material which may harm or offend viewers (eg by portraying violence, sexual activity or containing bad language) and of material which is misleading.

2.15 These objectives are secured at present by the ITC and Radio Authority licence obligations and codes of practice. Videos and films are classified by the British Board of Film Classification (BBFC). Other media, such as books, newspapers and magazines, have not been subject to regulation of this kind, though in the case of newspapers a voluntary code has been agreed and is administered by the Press Complaints Commission. The Internet is also free of specific statutory regulation, but a system of self-regulation is developing, backed up by existing law. In addition, the Home Office has responsibility for matters relating to the Obscene Publications Act, and the Advertising Standards Authority has powers over advertising content in non-broadcast media.

2.16 We will continue to ensure that consumers are able to choose between programmes of high quality which represent the full spectrum of opinion and interests. The Government aims to secure:

- a) plurality of voice
- b) impartiality
- c) diversity of content
- d) high quality of content
- e) controls over offensive material.

Securing plurality of voice and impartiality

2.17 A number of factors have contributed to the concentration of ownership. Spectrum scarcity has hitherto been the most important, but others may include economies of scale; proprietary control of essential or leading technology; and control of premium content. Some concentration of ownership has been regarded as inevitable, and possibly desirable, since it confers advantage in terms of global competitiveness. It is necessary to have controls on ownership over and above those applied by general competition law to ensure that no individual voice becomes too dominant and that such an influential medium reflects the full range of opinions and issues in society, and provides fair and balanced coverage. If ownership is concentrated in few hands, then these goals may be threatened. Measures may thus be called for, both to limit the degree of concentration and to control content itself: either negatively, by prohibiting unfair, partial or inaccurate material; or positively, by placing requirements to reflect a comprehensive agenda.

In the UK, as well as controls on ownership as a guarantee of plurality, there is a long tradition in broadcasting of regulation to ensure that broadcasters observe due impartiality in dealing with matters of political or industrial controversy, or related to current public policy.

Providing diversity of content

2.18 Four of the five terrestrial broadcasters reach virtually the whole population, and it is important that their programming is inclusive, catering for a wide range of interests and involving all significant demographic, geographic and ethnic groups. Programming designed to meet these requirements is not always commercially attractive, and intervention has been necessary to ensure that the needs of all sections of the community are met. This has been especially important hitherto, given the limited number of services. The experience of cable and satellite broadcasting suggests that universal access is very difficult to achieve when viewers have to pay for special receiving equipment and services are not free-to-air.

2.19 Digital technology offers the prospect of far more services, which of itself can be expected to help increase diversity and choice. However, the delivery of information by public service broadcasters as a public good will remain an important element in this diversity and choice. The importance of information as a resource is widely recognised, and the Government is committed to ensuring that all our citizens have timely access to the information they need. Broadcasting has almost universal reach and it is more important than ever before that it should function effectively as an inclusive, comprehensive and reliable information source.

Promoting high quality content

2.20 Broadcasters support creative activity. Their programming conveys both contemporary culture and our cultural heritage. They employ a wide array of creative and talented individuals. It is also itself an important component of the nation's culture and can make stimulating and rewarding material available to a wide audience. High quality, original productions are one of the strengths of the UK broadcasting industry, and policy seeks to ensure that broadcasters continue to support original and challenging creative activity as well as meeting established demand for familiar forms of entertainment: to find the highest common factor, not just the lowest common denominator.

Upholding taste and decency

2.21 Specific rules governing taste and decency in broadcasting are needed because of its wide availability and ease of access. Acceptable standards will vary according to the characteristics of the service and its delivery. Text and data services are distinguishable from moving pictures, and those where access is controlled via subscription, pay-per-view or password are distinguishable from free-to-air services. The aims must be to protect minors and prevent affront to public feeling. The key to achieving these aims while preserving essential freedoms of speech and expression is to ensure that viewers and listeners have the resources to protect themselves and their children from material they regard as unacceptable: above all, information on the standards to be expected of programmes transmitted on particular types of service at particular times.

The impact of new services

2.22 The Government believes that broadcasting will remain distinctive, and retain its unique place in the public mind. Policy-makers must continue to give particular attention to the content of broadcasting, which still matters greatly and about which people care deeply. The policy aims set out above retain their relevance in the multimedia future.

2.23 Nevertheless, the changes which are unfolding in broadcasting and telecommunications will call into question existing approaches to the achievement of those aims. Some of the ends which have been achieved in the past through regulation may in the multi-channel, multimedia environment be achieved by various means such as competition and self-regulation, underpinned by legal provisions. Where regulation continues to be necessary, the current approach may need to be reassessed in the light of the emergence of new services and the rapid growth of provision. New services, provided to consumers on demand, by subscription or other forms of payment at the point of use, will require different treatment.