

Retransmission Fees on the Agenda to Pay for PSB Plurality?

Discussing the role of public service content (PSC) in the digital media landscape keeps raising the old unsolved question: can the market deliver? A [Westminster Media Forum](#) conference on June 22nd focused the market failure question on public service plurality: with ad revenues in a long term decline at Channels 3, 4, and 5; how to support public service content that competes with the BBC?

With the UK Government embarking in a wide communications review and Culture Secretary Jeremy Hunt [calling for evidence](#) about “regulatory barriers to investment in content”, providing an answer to this dilemma will prove to be crucial. Hinting that Ofcom’s view remains that markets do fail, the senior Ofcom figure Chris Woollard caused ripples when he stated that ‘retransmission fees’ were a part of this debate. This is the view that to plug the funding gap for PSB, Sky may be required to pay to carry ITV and other major broadcast channels, rather than have them pay for carriage. This idea – which was first put on the agenda by BBC DG Mark Thompson in a [speech last year](#), was strongly rejected by Sky and others present.

David Wheeldon, director of policy and public affairs at BSkyB, put it quite simply: “Let’s accept that the market can deliver what people want”. If this argument was no surprise from Sky, he echoed a recent speech from his boss when he emphasised his company’s commitment to a rapid rise in investment in original UK produced content, and argued that commercial companies have a strong interest in delivering PSC. The BBC, in Wheeldon’s view, is not the only broadcaster committed to producing public value, and governments “always underestimate” how much public value commercial companies can deliver.

From another viewpoint, speakers such as Steven Barnett from Westminster University argued for a renovated role of the public on the grounds of universality and accountability. In Barnett’s opinion, people should be able to access public service content easily and without paying. Other questions on the table concerned the lack of particular types of content, such as kids programs, within commercial and public broadcasters. In particular, Greg Childs, secretary of Save Kids’ TV, argued for the need to subsidise programs for children – adopting measures like taxes or levies currently applied in other countries – or even to set “proportionality” quotas following the example of Denmark’s television.

A second panel addressed the questions of licence fees and sustainable models for public service broadcasting, with ITV and Channel 5 heading to licences’ renewal in 2014. If “tinkering with licenses is bad for independence” of broadcasters, as Damian Tambini argued, there was no consensus on this issue. While Channel 5’s head of corporate and regulatory affairs Martin Stott confirmed that they will apply for a new public service licence, ITV’s director of public affairs Nigel Warner, left open the possibility of opting out. Asked by Tara Conlan from [the Guardian](#) if ITV would also bid, he was uncommitted.

Experts, however, seemed to agree on the effectiveness of a third model, represented by Channel 4’s mix of public and commercial funding. In the last session, Channel 4’s director of marketing and communications Dan Brooke emphasised how this model allowed the creation of innovative and independent content. Even if there is no evidence that “PSBs with access to ad revenues realise higher audience”, according to research carried out by Dustin Chodorowicz from Nordicity, Channel 4’s flexible model was presented as an effective solution to the uncertainties of the future digital media landscape.

