
From: Mike Parr
Sent: Thursday, November 06, 2008 1:08 PM
To: COMP STATE AID GREFFE
Subject: Public Broadcasting Communication

Dear Sir,

I am responding as one of the Directors of a UK-based Internet provider (SAQ Networks Limited). Whilst we are not directly affected by the public broadcasting communication I would make a couple of comments on the documents that you recently published. In your FAQs (4th Nov) I noticed the following paragraphs:

Since 2001, the Commission has adopted 24 decisions in the sector, most of which originated in complaints. Today, the trend is rising. Besides from commercial broadcasters, newspapers and other stakeholders also complain about the unrestrained use of public money on platforms like the Internet. They argue that private initiatives on the internet are "crowded out" and that competition is distorted.

According to recent experience, complainants see the Commission as the last resort, because they have not been properly heard in a national procedure that lead to the launch of a new publicly financed media service.

The highlighted phrase is interesting since it implies (intentionally or otherwise) that all private initiatives are crowded out. Sadly this cannot be the case. A visit to, for example www.guardian.co.uk shows a site with an interesting mix of text and video news. It also happens to be the most visited news web site in the UK. The issue is the resources a given newspaper devotes to both collecting news, editing it and presenting it. The cost of presenting this on the Internet is relatively trivial (I can state this based on my own experience operating an ISP for more than 12 years).

The core problem faced by many newspapers is that they have cut costs usually by cutting editorial staff (so as to be more profitable) to the point that the news they produce is often of poor quality. The interesting point about the Guardian is that it is operated as a not-for-profit trust. This gives it the "financial room" to experiment. In turn this has led to a web site that is interesting, visited often and which is able (in terms of news) to compete with, for example the BBC. Of course other newspapers could have followed the Guardian route - that they did not (or did so later or did so less effectively) is due to the commercial choices (profit vs financing innovation) they made.

Given the above it is amusing that the newspapers are running to DG Comp for redress for their own failings.

In the case of commercial broadcasters, placing their content on the Internet is not expensive (in equipment terms) but does require them to have content that people would wish to access. In many cases I would suggest that they lack content that people would pay for. Having said that, if I had a criticism of public broadcasting (I can only talk with respect to the BBC) I would say that they have been very slow to make content available. Indeed, and again taking the BBC's back catalogue as an example, there is vast quantities that people (including myself) would be willing to pay for (thus reducing the impact of what some people still see as a tax).

Final comments on IP-restricted content. I believe that, whilst all sorts of IP-related restrictions are still in place in terms of what a person in one member state can view in another, DG Comp (or perhaps DG Internal Market) would be better placed looking at these issues than whether public boadcasters compete "unfairly" through over generous subsidies with others. In terms of IP restrictions, The BBC offers a video streaming service which allows people to look at programmes over the Internet. The service is blocked for non-UK IP addresses. In fact it is a trivial matter (as I do) to build an VPN tunnel from Belgium (where I live) to my UK ISP - at which point I look just like a UK resident and duly watch whatever I want.

I guess in the final analysis this is an issue of effectiveness vs efficiency. It would be more economically more efficient to let public broadcasters swim with all the others (i.e. have no public broadcasting). This would lead to a vastly diminished public cultural arena and thus sometimes, economic efficiency has to be sacrificed to the public good. What you are doing is pandering to commercial interests and attempting to apply an economic rationale to a public "good".

best regards,

Mike Parr
Director: PWR & SAQ