



**BECTU**

# REVIEW OF THE COMMUNICATION FROM THE EUROPEAN COMMISSION ON THE APPLICATION OF STATE AID RULES TO PUBLIC SERVICE

## BROADCASTING: BECTU COMMENTS

### Introduction

BECTU is the trade union for workers (other than performers and journalists) in UK broadcasting. We have a long standing interest in policy issues concerning public service broadcasting. We therefore set out below some brief comments on the broad issues under discussion. We look forward to the further progress of this debate.

### Definition of Public Service Remit

As in the debate on the AVMS Directive, BECTU favours a broad definition of Public Service activities. We recognise that, in the context of state aid rules, this definition could be extended beyond that of the AVMS Directive to encompass other new media or other online services such as web-based text services.

We believe that the Amsterdam protocol principles - of serving the democratic, social and cultural needs of society - are just as appropriate for such new services.

We therefore believe that such services should not be evaluated solely by their impact on commercial competitors and should not be regulated solely according to economic/market criteria. At worst, such an approach could lead to a situation in which free market principles are the automatic default position and in which the PS approach always needs to justify itself as an exception. We take the opposite view ie a PS approach in line with the Amsterdam principles is self-justifying and should not be required to provide evidence of its level of impact on commercial competitors.

### Dual Funding of PS Broadcasters

We operate in a PS broadcasting system which incorporates both public funding (notably the licence fee for BBC) and commercial revenue (including advertising and sponsorship income for ITV and Channel 4).

We further recognise that some PS broadcasters may benefit from dual funding. The BBC engages in commercial activity (notably through BBC

Worldwide) and our view is that the Corporation should continue to be allowed to maximise commercial revenue in appropriate areas and to reinvest in PS programming - provided that there is transparency in the internal transfer of money between different parts of the organisation and that commercial services are not prioritised or cross subsidised by the BBC's public services.

We would be wary, however, of pay services being regarded as part of the PS remit - because one of the fundamental principles of PSB is that it should be universally accessible and free at the point of use. From our viewpoint, there would therefore need to be a special justification for regarding pay services as part of a PS remit.

### Overcompensation

As indicated above, we have experience at the BBC of a PS broadcaster which also engages, through a subsidiary (BBC Worldwide), in commercial activity. We support such an approach on the basis outlined above - specifically including provision for using commercial revenue for reinvestment in PS programming.

We would be opposed to any overtly restrictive approach to "overcompensation" by which PS surpluses would automatically have to be returned to the state, or by which PS broadcasters were restricted in their ability to channel profits from their commercial subsidiaries into their PS activities.

We believe the approach to "overcompensation" is in danger of assuming - as indicated above on the section on definitions - that a free market approach is the default position and that a PS approach has to be restricted or specially justified.

We fundamentally disagree with this - especially as, in our view, some commercial broadcasters (such as BSkyB) are parasitic on their domestic broadcasting systems. They contribute minimal original programming while concentrating selectively on the most commercially attractive segments of the market (eg sports, feature films). Far from PS broadcasters needing to justify "overcompensation" we believe that essentially parasitic commercial organisations such as BSkyB should be required, in appropriate circumstances, should pay a levy to subsidise PSB.