

Free the Airwaves - The three main reasons why the television licence fee should be scrapped

The licence fee is outdated and not fit for the modern age

The regulator, Ofcom, published its 'Customer Experience of 2013' in January this year.¹ Some of the key findings were:

- The number of people who own a smartphone had risen rapidly in the last year, with 56% of people now owning one of these devices
- In 2012, 12% of the UK population owned a tablet computer. By the end of 2013, this had more than doubled to 29%.
- Between Quarter 1 2012 and Quarter 1 2013 take-up of non-corporate superfast broadband connections increased from 6.5% of all broadband connections to 17.5%.

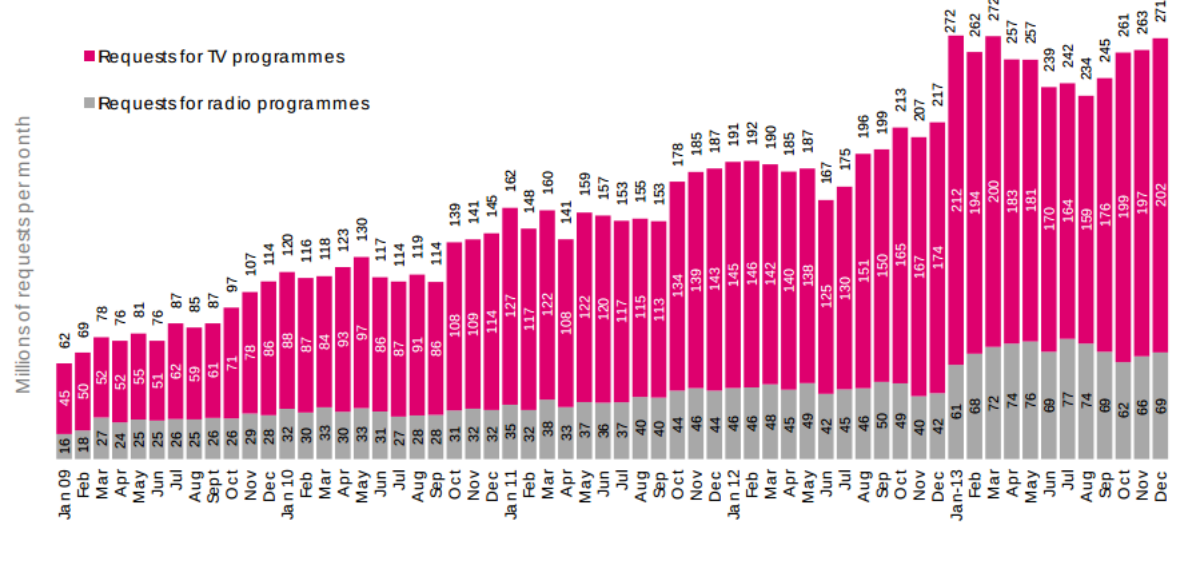
As more people own devices capable of receiving radio and television programmes, and are doing so on reliable, fast connections, it is hardly surprising that there has been a dramatic rise in the number of people using on-demand services such as BBC iPlayer and ITV Player, as well as using new services such as Netflix and LoveFilm.

When we first launched our 'Free the Airwaves' campaign in September 2011, there were 153 million iPlayer requests. (This is for both radio and television) Just two years later in September 2013, there were 245 million - a rise of over 37%. In December 2013, mobile and tablet requests reached 102 million and made up 38% of requests, overtaking computer requests for the first time².

The graph below charts the rise and rise of iPlayer since 2009

Total monthly BBC iPlayer requests across all platforms, since 2009

BBC iPlayer requests in December were up +25% on last year with 271m requests, with TV requests breaking 200m for the third time.



Please refer to slide 8 for guide notes

Slide 4

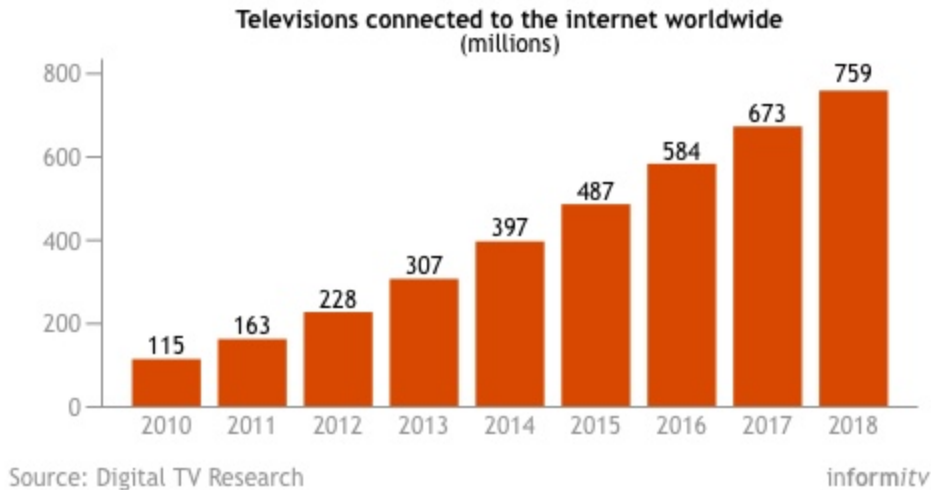
BBC Marketing & Audiences

This trend is set to continue as more people watch their favourite television programmes on-demand, rather than watching them live, especially as more Smart TVs come on to the market. According to Ofcom, at the end of March 2013, 7% of households owned a Smart TV, and 77% have connected it to the Internet³. Although this is currently a low figure, the numbers will rise exponentially as more people upgrade their equipment. Digital TV Research has predicted that the number of television sets worldwide connected to the Internet is forecast to rise from around 300 million at the end of 2013 to almost 760 million by 2018. This figure includes smart televisions, games consoles, digital media adapter devices, network connected set-top boxes and disc players.

³ Ofcom - The Communications Market 2013 (August):

<http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cmr13/>

The graph below charts this rise⁴.



For the BBC, this represents a challenge, as the corporation struggles to keep up with the pace of change. There will probably come a time when most television schedules are thrown away - with the exception being live news and coverage of major events, such as sport - and when all programming will be available on-demand. Netflix, for example, successfully launched the US version of the political drama, House of Cards, in February 2013, and a second series was launched in February 2014. From the moment it was made available on Netflix's website, subscribers did not have to wait for each episode to be broadcast weekly. They could watch all the episodes as and when they wanted to. The rise of Netflix has been rapid and in 2014 the company plans to spend \$3bn on television and film content⁵.

Paying a licence fee to own a television or to watch live TV, irrespective of whether or not you watch output from the BBC, is an outdated model that is not fit for the age we live in. As more people access content through smartphones, tablets, computers, and smart TVs, the greater the pressure will be on the Government to pass legislation reforming the way the BBC is funded.

⁴ <http://informatv.com/2013/10/10/connected-televitions-forecast-at-760-million-by-2018/>

⁵ The Guardian 4 February 2014: <http://www.theguardian.com/media/2014/feb/05/netflix-spend-3-billion-tv-film-content-2014>

The licence fee is unfair and hits the poorest the hardest

Whether or not you watch output from the BBC is irrelevant. You must pay a licence fee for owning a TV which receives broadcast television. It is essentially a poll tax. Also, it isn't related to how much you earn, as is the case with virtually every other public service.

A report on the BBC's news web site from 22 August 2013 stated that in 2012 more than one in ten criminal prosecutions were for non-payment of the licence fee⁶. A total of 181,880 people were summoned to appear at magistrates' courts in England for the offence that year and the BBC was criticised for clogging up the courts. Some may be not paying the licence fee because they are fundamentally opposed to it, however there will be many who struggle to pay the licence and are facing fines and possible imprisonment, even though they may never watch or listen to any of the BBC's output.

In recent weeks, there has been a move to decriminalise the licence fee and make it a civil offence. In many ways this is a positive move, as it means those not paying will no longer have a criminal record, however if those who struggle to pay eventually end up with County Court Judgments (CCJs) against them, this could affect their ability to get credit for many years to come. Decriminalisation could be a two-edged sword with unintended consequences.

Although some of the excuses for not paying, such as "apparently my dog, which is a corgi, was related to one of the Queen's dogs so I didn't think I needed a licence"⁷ are amusing, the sheer number of prosecutions is alarming. If you can afford a television, you can afford a licence, is the mantra from the authorities. The BBC is not interested in anyone's ability to pay. As a result, the licence fee is cruel, since it is a highly regressive tax, with the very poorest being forced to pay exactly the same fee as the very richest. For anything which claims to be a 'public service', this is an uncomfortable situation to be in.

⁶ <http://www.bbc.co.uk/news/entertainment-arts-23792388>

⁷ <http://www.bbc.co.uk/news/uk-22947160>

The licence fee disadvantages the BBC

This is an important reason and has been overlooked by many in this debate. As has

already been outlined, an exponential rise in those accessing online, on-demand content through Smart TVs, smartphones, tablets, laptop, and desktop computers means more choice. For long term stability, the BBC has to change and adapt in the modern world. Currently, the BBC's structure is too bureaucratic and wasteful. This is not going to change unless there is major reform inside the BBC.

Many of the arguments to do with the BBC sending a disproportionate number of staff to important world events (such as the US presidential election, Nelson Mandela's funeral, and the 2014 Winter Olympics), and complaints about its editorial bias, would be solved if the licence fee were scrapped. The BBC would not be able to afford such expense as a private company and if you don't like its editorial positions, you don't have to subscribe.

One of the strongest arguments for scrapping the licence fee though came from Nick Ross, the former Crimewatch presenter:

"I am one of the few people calling for the abolition of the licence fee because they treasure the BBC. The experience of BSkyB is that people will voluntarily pay far more than they will under criminal sanction, and easily enough to promote and subsidise the encrypted radio-receiver technology that would need to be phased in."

This follows on from David Dimbleby's comments⁸ that the BBC needs to "redefine" its role and examine "whether it is too powerful for its own good". He went on to say:

"I do think the BBC needs to pull back a bit from some of the things it does, maybe cut back a bit on its number of television channels... Cut out some of the gardening and cookery and all that on BBC2 and turn it back into a quality thing it was meant to be and then you have two big channels, one and two"

Those sensible voices from within the corporation calling for change need to be listened to. Those who love the BBC and want to pass it on to future generations should see the need for reform, although people like the former controller of Radio 4, Mark Damazer, are still resisting and continue to ignore worldwide trends. He attacked Mr Dimbleby's comments and said the BBC needs to maintain its size so that it can to serve licence fee payers in the digital era⁹.

As a private company, the BBC can change and adapt freely. It would not have to answer to licence fee payers for every pound of spending. It would not have to appear before committees of MPs to justify itself. It would be free, in the same way as every other private

company is free, to tailor output and viewing packages to its customers. The BBC can only be secured by looking forward.

⁸<http://www.theguardian.com/media/2013/nov/20/bbc-merge-tv-channels-david-dimbleby>

⁹<http://www.theguardian.com/media/2013/nov/20/bbc-dimbleby-size-executives-hit-back>