

Creative investment, content, infrastructure and regulation

We live in a digital age with more information than ever available facilitated by ease of access and distribution. There is substantial personal investment; about 70 per cent of the information in the digital universe is created by individuals.¹ With greater participation has come a democratising of media, encouraging debate and interaction, promoting community and citizenship and challenging conventional content and traditional content providers.

Local and community media is finding new expression on the web. Geographic and social communities and communities of interest have exploded, providing more sources of information accessible just about anywhere, anytime.² Television is more accessible to content providers offering more channels through free view and cable and is providing more specialised content for consumers for less cost.

The Newspaper Society reports that Britain's local media is reaching more people than ever, delivering news to 40 million print users a week (82 per cent of British adults) and 24 million web users a month. In the last decade readership (online and off line) of a regional paper has increased by 1.6 per cent and the readership of regional mornings by 65.6 per cent.³ Content is alive and well for those adapting to new models.⁴

Are traditional and local forms of media dying? Will relaxing cross-media ownership rules save them? It is clear that titles are closing and jobs are being cut but companies with a greater share of the market are not going to sustain operations that are not profitable. Relaxing cross media ownership rules requires a compelling argument and some evidence based projections on the likely impact on the market. Newspapers as media have survived television and are likely to survive online competition. If they don't they will be replaced by other media. Protection of current players is likely to discourage those independent innovators who could be the UK Google.

Consumers will pay for quality content. They will subscribe to magazines, newspapers and internet services off and online, they will pay for music downloads, films and audio books. They shouldn't pay if there is no additional value, eg for format shifting a CD that they have already purchased or time shifting a favourite film from TV. Better information about quality and source online would assist consumers in making choices about content. Confidence in transactions over the internet would encourage more business online.

Revenue streams for digital content are based largely on advertising and income generated from profiling and wider markets. There are industry concerns about the slow down of online advertising revenue and there are consumer concerns about privacy⁵, hence the need to develop new investment models and consumer confidence through regulation and transparency.

Exploitation of personal content, through profiling and targeting, hacking and computer fraud, impacts on consumer safety and confidence. Data should only be collected, processed and used with the express and voluntary permission of consumers freely given and not because provision of goods and services is conditional on the supply of personal information.

¹ <http://www.guardian.co.uk/business/2009/may/18/digital-content-expansion>

² For example, www.theyworkforyou.com ; www.yourlocallondon.com ; www.mindyourstreet.com

³ <http://www.newspapersoc.org.uk/Default.aspx?page=897>

⁴ See for example: www.pledgebank.com, Channel 4's Brtdoc foundation,

⁵ Report on the Finding of the Information Commissioner's office, Annual Track 2008, 4.1

Policing the exploitation of content first requires modernising the law, further research on and monitoring of practices, and enforceable provisions on transparency are required.

The Government has a significant role to play in encouraging innovation by fostering digital entrepreneurship via, for example, tax incentives, creating ICT clusters, in assistance for IT start ups and SMEs, and also in subsidising infrastructure roll out, enabling broad access and take up⁶. Investment in public infrastructure will have benefits for the economy as well as providing the vision and setting the scene for greater investment in next generation broadband and in content. Many countries such as Denmark, Norway, Sweden, Australia and Finland have laid out significant public initiatives to ensure their competitiveness in world markets, impartial transmissions and non-discrimination on the basis of geography or affordability. If capacity is not there, then global competitiveness suffers and there is no internal demand to drive development and improvements.

There is a further Government role in ensuring the market is working fairly and openly, in proposing regulatory solutions or amendments to existing regimes where it is not, and in provision for enforcement (where that legislation retains legitimacy and its enforcement is proportionate). IP law needs to be modernised to reflect what is fair and acceptable in a digital environment and then 'policing' will be clearer and easier.

We believe it is important that ISP providers be required to meet basic standards of user control, traffic security and transparency, however we do not support traffic management except to ensure the operation of the network and in relation to grave criminal conduct (such as child pornography). The industry should not become the enforcement agency. While acknowledging that external enforcement is difficult, blocks and other traffic management mechanisms are not entirely effective because they are increasingly circumvented.

Creative use of content by adaptation and evolution should not be restricted because of outdated copyright models.⁷ The UK needs a balanced Intellectual property regime which encourages innovation by providing a fair economic return to creators and investors while imposing the minimum necessary constraints on competition and creation. Current normal consumption patterns should be legitimised through the enabling of fair use of content allowing consumers and creators to interact with digital content without harming the economic interests of the copyright owner. Consumer Focus would be happy to provide the Committee with a detailed proposal.

Competition is further facilitated by removal of restrictive barriers to new entrants, Digital Rights Management practices and the current licensing regime can serve to block access to the market. The Government needs to act to support net neutrality and to ensure inter-compatibility and inter-operability of digital technologies.

⁶ See in particular Recommendation 1, Consumer Focus response to the Digital Britain Interim Report, March 2009, and "the digital divide, universal service and broadband", Consumer Focus, May 2009, http://consumerfocus.org.uk/en/content/cms/Publications_Report/Publications_Report.aspx

⁷ See for example: www.philharmonia.co.uk/thesoundexchange; www.sixtostart.com