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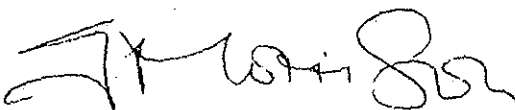
Consultation on Listed Events under Part IV of the Broadcasting Act 1996

Please find enclosed the BBC's response to the consultation document on listed events. The BBC supports the approach taken by the DCMS to establish a framework to determine which events should be listed and has some detailed comments on the criteria and factors proposed.

Since the status of the list was only revised last year during the passage of the Broadcasting Bill, the BBC does not believe that there should be any wholesale change either to its status or the events included on it. The present list contains most of the leading sporting events that the public expect to enjoy on free-to-air television. However, the Government's review and proposed criteria may well throw up a number of additional events suitable for listing.

The BBC would welcome the opportunity to contribute further to the discussion of this important issue as the Government's plans develop and to any related exercises on sports rights issues.

Yours sincerely



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Broadcasting of Events of National Significance

BBC Response to the Department of Culture, Media and Sports consultation document

EXECUTIVE SUMMARY

The main points of the BBC's response are:

1. The BBC welcomes the Government's proposal to establish a framework to determine which sports events should be included in the list of events of national significance.
2. Since the status of the present list was only revised last year, we do not believe that it would be right to have any wholesale change to either its status or the nature of the events covered. The present list contains most of the leading events in the national calendar that the public expect to enjoy on free-to-air television. However, the Government's review and proposed criteria may throw up a limited number of additional events suitable for listing. The BBC would welcome the opportunity to be involved in any further discussion which might affect such potential candidates.
3. Listing events of national significance provides an important safeguard to the British public that those shared moments of our cultural heritage will be protected for their enjoyment. Listing serves to:
 - **unite the nation around a shared experience**
 - **protect all viewers**, not just those who are sports fans or who can afford to subscribe to pay television services
 - **foster support for national teams and sporting heroes**
 - **promote participation**
 - **continue a long tradition of free-to-air broadcasting** that has shaped the flavour, and our enjoyment of, major sporting occasions.
4. The principle of listing is supported by the British public. In 1995 the BRMB survey 'Sport and TV' found that 71% of viewers (and 67% of cable/satellite subscribers) approved of Government legislation to ensure that live coverage of the major sports events is always made available to the main broadcast channels. 71% of respondents agreed that it is important to be able to watch sport on TV, live and in full.
5. The Government's proposed criteria should be effective although there will be considerable scope for debate about interpretation. The BBC proposes one minor amendment to the criterion 'it is an event that serves to unite the nation' so that it reads '**a long term** shared point in the national calendar'. This will reflect the importance of historic events such as the Derby which have a long tradition of being broadcast and which people expect to be able to see on free-to-air television.

6. The BBC suggests that an **additional** criterion should be added that reflects the importance of particular major international events when the UK is host to an event.
7. Some modest additional clarification to the proposed characteristics that would make listing apt would be helpful:
 - The BBC is concerned that audience size (however it is measured) should not be the only or most important consideration when the significance of a national sporting event is being assessed. There is a danger that audience size taken on its own, could prejudice the status of events which, despite a smaller audience, have genuine national significance. If audience figures are used, audience reach is the most effective measure since it reflects the universal interest in a sports event. It reflects the number of people who tuned in over the course of a whole event, and is particularly useful measuring the broad appeal of events that run over a long period of time (for example the Olympic Games).
 - It is difficult to assess how a regular, readily defined event of limited duration' would be determined on an individual case by case basis. The BBC urges the Government to give this factor further consideration.
8. The BBC recommends that events in which there has been a significant investment of public resources (perhaps through Sports Council or Lottery funding) should be more likely to be listed. This point should be included in the characteristics identified in the document that would make listing more likely.
9. In terms of the issues affecting the costs and benefits to the sports concerned of listing certain events, the BBC recommends the Government takes a broader approach to assessing the economic and social consequences of listing.

The significance of sports rights revenues can be over-stated in the light of other income streams:

- gate receipts
 - advertising and sponsorship revenues
 - the extent to which separation of rights will enable sports bodies to maximise resources
 - the extent to which broadcasters can differentiate output to provide distinctive coverage
 - other non-rights revenues (for example betting revenues)
10. It is also extremely important that the effect of transferring events from terrestrial to pay television be taken into account when the impact of listing is assessed. In the short term the popularity of an event will make it more attractive for exclusive pay television coverage, because it will be able to drive large audiences. In the long term, the popularity of an event and its rights value, may decline because the absence of universal coverage will mean that it ceases to be part of our shared cultural heritage. This will also affect future generations' appreciation of, and participation in, those sports.

11. Some people have argued that the free-to-air viewer's interest could be met by highlights only. The BBC does not accept this argument. Listing should be a matter of principle. If an event is judged to be of national significance it should be listed and live broadcasting on terrestrial television safeguarded. Recorded highlights are a poor substitute for the viewer, and their availability should not be factor when listing is considered.

A recent example is the Oval test match. 17 wickets fell in one day. The national team's fortunes changed moment by moment. No recorded highlights could capture that tension and drama.

12. The BBC believes that the banning of tobacco sponsorship of sports events will have only a very small impact on sports revenues as a whole; and that, on the basis of the criteria proposed for listing, none of the potential candidates is an event that is currently sponsored by the tobacco industry.

BBC Response to the Government consultation on Broadcasting Events of National Significance

1. Introduction

The BBC welcomes the opportunity to respond to the Government's consultation on events listed under part IV of the Broadcasting Act. The BBC believes that the time is right for a review of the list to ensure that it provides an essential guarantee for the general public's access to those major events which contribute to the fabric of British cultural heritage.

The BBC believes that a considered approach to listing needs to be taken which safeguards those events that are central to our national culture, but which also allows a full range of other sporting opportunities to be available to the broadcasting market and enables sports bodies to re-invest rights revenues in their sport. The BBC believes that the underlying aim should be to minimise the interference in the market, whilst maximising the benefit to the public. The aim should therefore be to keep the list short (and the subject of regular reviews) to ensure that it contains only those events which terrestrial broadcasters can reasonably expect to be able to bid for or show.

2. The context of sports rights

The market for broadcasting rights to sporting events has grown enormously in the 1990's driven by the expansion in capacity brought about by satellite and cable delivery. This expansion has encouraged more vigorous competition for broadcasting rights and has inevitably driven up prices, with the effect of swelling the coffers of the most popular sports. Digital delivery looks set to further expand channel capacity and fuel the demand for premium broadcasting content. However, whilst the expansion of the broadcasting market has extended the amount of sports that can be covered on pay television, it remains available to 1 in 4 households and thus the extensive migration of key events would pose a serious threat to the principle of universal access to shared cultural events.

The status of the present list was determined by Parliament only last year. We do not believe that it would be right to revisit the list's status or to have a wholesale change in the nature of events listed immediately. No contracts for television rights to listed events have expired and been renewed since the legislation came into force.

Prior to the 1996 legislation listing applied only to pay per view exclusivity not to pay television exclusivity as a whole. Pay television companies were free to, and according to sports bodies did, participate in the bidding process for a number of the current round of rights acquisitions for events on the list, including the Olympic Games and the FA Cup. This means that the contracts that are in operation today were negotiated on market terms. Indeed, the 1996 Broadcasting Act gave an explicit regulatory responsibility to the ITC to ensure that in future bids for events on the list provide a mechanism to maintain the balance between the interests of the viewer, different types of broadcaster and sports bodies.

The present list of events covered by the legislation includes most of the important events in the national calendar and the BBC believes that they should remain on the list. However, it is clear that some sports are better represented than others, for example soccer, whilst no rugby union or rugby league events are included, or any athletics events (except those covered by the Olympics) or golf and that it is therefore worth considering whether there should be some extensions to the list.

The BBC holds the live rights to four of the eight listed events, in other cases it also shares some rights with other broadcasters (for example the Scottish Cup Final is shared with BSkyB and the FIFA World Cup finals are shared with ITV and Eurosport) or has recorded rights (the FA Cup final). The rights for three of the listed events are due to expire within the next year - Cricket Test Matches, the Scottish Cup final and the FIFA World Cup finals.

Given the benchmarking in the open market for current rights and the competition that exists between the terrestrial broadcasters (as witnessed recently with the Open Golf and Formula 1 rights and, in terms of listed events, for the FA Cup final) and the opportunities for separate acquisition of rights, holders do have scope to maximise their income. In return, the BBC believes that listed events benefit from being broadcast to the widest possible audience generating immense popular support which in itself brings related benefits to the sports concerned.

*For BBC
rights*

In addition to those events that are listed, and others that might appropriately be considered for listing, there are also a vast number of rights for major events available to broadcasters to bid for, and many that remain unallocated despite the considerable interest in sporting events that exists in the UK. The BBC therefore believes that there is considerable scope for further expansion of the sports rights market and for other sports rights to be exploited. It should be remembered that although rights for certain popular sports have risen enormously in recent years (Premier League rights cost BSkyB and the BBC £170m in 1997/98 compared with the £13.8m paid by ITV in 1991 for 1st Division rights - an increase of over 1000% in 6 years), there still remain a vast array of unexploited sports rights available to broadcasters.

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3. The BBC and sports

The BBC has a long history in sports broadcasting which started with live radio broadcasting in 1927. Since then the BBC has been at the forefront of sports broadcasting, developing both broadcasting techniques and popularising a range of events, whilst setting the highest standards for quality and authority. The BBC has extended its coverage from live and recorded action, to entertainment, news and factual programming, and sports are a fundamental part of the BBC's regional and local services.

Sports are a fundamental part of the BBC's public services. The BBC aims to support and stimulate the development and expression of British culture and entertainment as part of its universal service obligations:

- to portray all forms of entertainment, humour, artistic and cultural expression

- to give special prominence to the artistic, sporting and ceremonial events that bring the nation together
- to be an active cultural patron - fostering and nurturing the nation's talents
- to stimulate the communication of cultures and ideas between Britain and the rest of the world.

The BBC is committed to broadcasting a wide range of sporting events, that reflect a broad spectrum of sporting interests both mainstream and specialist. We are also committed to ensure that our coverage is of the highest quality delivering value for money to the licence fee payer.

4. Criteria for identifying events to be listed

The BBC welcomes the Government's approach in trying to define some criteria which help determine which events might or might not be included in the list of events of national significance. The BBC believes that this will enable a more open discussion about which events should be listed and ensure that events are listed only when there is a strong case for doing so. However, the BBC also believes that even with these criteria it is inevitable that there will be considerable scope for debate over which events should be listed. The BBC therefore regards the criteria as a useful aid to listing rather than a definitive yardstick.

4.1 The four criteria

The BBC believes that the four criteria proposed by the Government are useful. It is inevitable that there will be considerable scope for debate about whether an event 'has a special national resonance'; or whether it is 'pre-eminent and popular' or it 'serves to unite the nation'. We believe that once the framework for consideration of listing has been established, there will need to be a further programme of discussion and consultation about suitable candidates for listing where these issues of interpretation will need to be addressed. Ultimately, the appropriate place for such judgement to be exercised will be with the Secretary of State after consultation with all relevant parties.

We do believe however that one of the criteria should be amended and that a further criterion should be included.

4.2 'it is an event that serves to unite the nation'

In relation to the criterion, 'it is an event that serves to unite the nation' the BBC proposes that an addition should be made to give the flavour of the long term significance of an event in the national calendar. We therefore propose that it should be amended so that it reads: '**a long term** shared point in the national calendar'. This addition would reflect the significance of events like the Derby, which attracts around 3.5 million viewers, but which is one of the oldest broadcast sporting events and one which viewers have through long tradition come to expect to see on free-to-air television.

4.3 An additional criterion

The BBC would also propose the addition of another criterion to reflect the fact that by virtue of being staged in the UK, some international events will be more significant to the interests of the British viewing public than they would be if they were held elsewhere. The new criterion could read:

'it is a major international event which is of greater public significance when held in the UK'.

This criterion would reflect the fact that some world events may be of less interest when staged abroad, but have added national significance when held in the UK. This might be particularly true of certain international athletics events for example the Commonwealth Games (to be held in Manchester in 2002), the World Championships, or the European Championships. When staged in the UK these events might also have been the subject of significant public investment, which should strengthen the case for the public having free access to live broadcasting of them.

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With these five criteria, we believe that the Secretary of State will be equipped to give informed consideration to the listing or otherwise of an event.

5. Characteristics that make listing more likely

The consultation document sets out three characteristics which might make listing more likely. The BBC believes that these factors need to be taken in combination in looking at any particular events. We also believe that the 'limited duration' factor may need further clarification.

5.1 'it is likely to command a large television audience'

The first criterion 'it is likely to command a large television audience' will pose some problems. Television audiences can be measured in a number of ways whether based on the average audience, the peak audience or the audience reach (ie the number of people who tuned in for a number of minutes). These measures are subtly different and may be more or less useful depending on the nature of the event.

measure
problem

Although many of the current listed events can - and do - command large audiences, there is a danger that if audience size alone were the determining criterion that it could prejudice the status of events which, despite a smaller audience size, nevertheless have genuine national significance.

Particular sporting events may not occur live at peak viewing times, they may occur at the same time as other important events or other popular programmes; or may be played abroad in time zones which do not coincide with peak viewing times in the UK. Viewing figures in one year may reflect the failure of the national side or British competitors to do well, but it would be regrettable if future potential success in the event were then lost to the mass free-to-air audience because of a downturn in viewing figures. For example, audience reach figures for the present Ashes test series with Australia have ranged between 6 million and 700,000, because of the most of the action takes place in the afternoon, when many people are at work. The first

Sunday broadcast of the Test series did however, reach 12 million people.

It does not follow that the Ashes is not therefore, a significant and long standing event that enjoys broad public interest which should be available on free-to-air television.

If audience figures are to be used (and we urge caution) the BBC believes that audience reach is the most effective measure since it most accurately reflects the universal interest in particular sporting events. Reach is a good indicator since it reflects the range of people who tuned in over the whole course of an event - recording its broad appeal. This is also a more effective measure where events run over a long period of time - for instance the Olympics or World Cup finals.

Audience reach

5.2 'it is a regular, readily defined event of limited duration'

The second characteristic identified in the consultation paper may need further clarification.

We presume it is not the Government's intention for this factor to prevent listing of some events on the basis of how long they are. The length of sports events, from the Derby at around 3 minutes to an international cricket test match at five days, tells us little about their significance to British culture, they simply reflect the nature of the event. Other events, like the World Cup finals (which last for 6 weeks) and the Olympics (15 days) are long running tournaments (in the case of the World Cup for one championship, in the case of the Olympics for a number of different disciplines) the constituent parts of which are of limited duration. As a whole each event is of limited duration.

significance limited duration

The definition of 'limited duration' may need further clarification. The BBC would not assume that any of the events described above should be excluded from potential listing. We assume that it is meant to reduce the likelihood that season-long tournaments for example the Premier League, would be listed.

The issue of defining events of 'limited duration' also draws attention to another issue that needs to be recognised but which is not substantive to determining listing. This issue relates to the extent to which a broadcaster could feasibly broadcast coverage of the whole of an event; like the Olympics where many events are occurring simultaneously. The BBC believes that the broadcaster will need to be allowed to exercise judgement over coverage, to select those individual events that reflect the interests of British viewers. We do not however, regard this practical limitation as an objection to listing.

Got Athletics Summary Symposium requirements.

But can we do anything to allow for other circumstances.

This issue illustrates the judgement that needs to be exercised over the definition of an event's duration and how that event is covered.

The BBC therefore recommends that the DCMS gives this element further thought.

5.3 'it has a history of being broadcast live on free-to-air services'

The BBC agrees that this factor should be used to help determine whether or not an event should be listed.

5.4 A further characteristic that would make listing more likely

The BBC would also like to propose an addition to this section of the document. The BBC recommends that the Government should take into account where there has been a significant public investment, whether through Sports Council or Lottery funding in particular events and that this should make listing more likely. The BBC believes that where such an investment has been made it should entitle the British public to have universal free-to-air television access to the event.

6. Regard to other factors affecting the costs and benefits to the sports concerned

The document states that in listing an event, regard should also be given to other factors affecting the likely costs and benefits to the sport. The document identifies the impact of listing on reducing the income to the sport and on the broadcasting market but it makes no mention of other factors that affect the economics of sports.

6.1 Broader economic and social analysis

If the Government intends to assess the relative impact of listing, it should consider the full picture of the economics of sports funding. Sale of rights is one potential source of revenue for sports bodies but they also have opportunities to generate income from gate receipts and from advertising and sponsorship. The relationship between these different income streams is more complicated than it first appears; depending upon the effect that sale of rights will have on the potential value of these other income streams.

The full economic effects of listing events, which the DCMS may wish to consider, will therefore depend upon the following factors:

- whether the present price paid for rights has been subject to market forces (as all current rights have since they pre-date the extended scope of the legislation)
- the impact upon advertising and sponsorship and its significance as a proportion of the sport's income. Reductions in TV audience size mean reductions in the attractiveness of events for sponsors. The Scottish Open Golf Championship lost a major whisky sponsor when the rights were sold to pay television, similarly Rugby Football Union lost three sponsors when sold to pay TV.
- the extent to which rights holders can separate rights and maximise the value of them. BSKyB will televise the FA Cup final in 1998, and will offer parallel non-exclusive coverage to ITV. BSKyB paid £55 million for a 4 year contract, whilst ITV had paid £60 million over the same period. In total this provides the FA with total revenues of £115 million, illustrating the fact that there is considerable scope for sports bodies to generate significant funds on non-exclusive terms.

scope for generating funds on non-exclusive terms.

- the extent to which broadcasters can differentiate their output and deliver distinctive coverage
- and the contribution that other non-rights revenues make to the sport (for example: betting revenue - the Grand National benefits from being broadcast on terrestrial television; it is estimated that approximately 11 million people bet once a year, most likely on the Grand National)

For example, a recent report published by Deloitte & Touche showed that in 1995-96 football clubs received £517m in income, of which 42 per cent derived from gate receipts, 15 per cent from TV rights and 43 per cent from commercial and other income. The impact of sports rights revenue can often be over-stated in the light of other income streams.

The BBC believes that the DCMS should also consider the long term effects on audiences and support for sports if they transfer from terrestrial to pay television. In the short term the popularity of a particular sport will make it more attractive as an exclusive pay television event, because it will be able to drive large audiences. However, when audiences are necessarily reduced by being shown on pay television, it is also possible that the network effect of popularity will diminish. Thus in the long term the popularity and the rights value of an event may decrease because in the absence of universal access to coverage of the event, it ceases to be part of our shared cultural heritage.

Any analysis of the broader economic and social impact of listing also needs to take into account the effect of transferring events from free-to-air terrestrial television to pay TV on viewers and upon future generations' cultural heritage.

At present the BBC, ITV and Channel 4 reach up to 98% of households, whilst cable and satellite television has penetrated 25% of households. Viewing figures tell a similar tale - the BBC's coverage of the FA Cup semi-finals average reach from 1992-1997 was 12.3 million viewers (based on BARB's 3 minute standard definition of reach), Sky Sports largest recorded reach was 3.7 million people for the Newcastle v Manchester United game in March 1996. In this scenario the gain to the rights holder and to the broadcaster is offset by the loss to those people who are no longer able to view the event. Of course, this loss is especially felt by the broad range of the population who are not, and never will be, sufficiently committed sports fans to subscribe to specialist sports channels. Since satellite sports channels are premium services and not part of the basic package offered (to obtain all three Sky sports channels subscribers will have to pay the 3rd tier of pricing in BSkyB's new pricing structure) accessibility to sports events is already limited even amongst households that subscribe. Presently, there are about 4 million subscribers to Sky Sport. Pay per view limits access still further. The first pay per view event shown on Sky Sports 2, the Bruno v Tyson fight had an average audience of 600,000.

One argument which may be advanced for pay television exclusivity is that it can provide more funds to nurture the grass roots of a sport. Such arguments need to be assessed cautiously against empirical evidence on the proportion of such revenues which accrue instead to club shareholders or player transfer fees. They also need to be assessed against the relative effectiveness of other means of supporting the grass roots: whether through direct funding (for example through the Lottery) or the 'emulation' effect which wide, free-to-air

*reach 1
less relevant 2 p 24*

showing of events can provide to talented young people's desire to take up that particular sport.

6.2 Arrangements for highlights

The document states that in considering listing regard should be given to whether there are arrangements to ensure that highlights of the event are available.

The BBC believes that listing should be a matter of principle. If an event is judged to be of national significance it should be listed and live broadcasting on terrestrial television safeguarded. The availability or otherwise of highlights should not affect whether an event is worthy of listing, and therefore, worthy of being shown live and in full. In a BMRB survey 'Sport on TV' conducted in June 1995, 71% of respondents agreed that it is important to be able to watch sport on TV, live and in full. Similarly, 71% of viewers (and 67% of cable/satellite subscribers) approved of Government legislation to ensure that live coverage of the major sports events is always made available to the main broadcast channels.

Must have coverage

From the British public's point of view, highlights of a major national sporting event would be a poor substitute for live coverage. On the first day of the recent Ashes Test series, Australia lost 8 wickets in one morning for less than 100 runs. On the last day of the Oval test 17 wickets fell in one day, as the England team snatched victory from the jaws of defeat. At its peak 4.9 million people tuned in to see the BBC's live coverage, demonstrating the importance of audiences being able to enjoy the excitement of a significant match as events unfold. This illustrates the fact that not only are highlights insufficient to communicate the full excitement of matches, but also that it is impossible to predict which of the series will be the decisive test matches.

28 days

The BBC has strong views about the availability of unbundled rights, but it believes that listing should be dealt with separately from such issues. The BBC believes that the availability of recorded and radio rights and indeed the issue of news access to sports clips, the efficacy of existing codes of best practice and issues of fair pricing - should be the subject of a further consultation after the Government's review of listed events has been concluded.

Further case on unbundling of

7. Other future changes which may impact on the broadcasting of sports events

In the longer term, it is likely that further changes will take place in the sports market. One possible development is that the separation between rights holders and broadcasters begins to disappear with media organisations buying sports bodies (whether wholly or in part) and/or sports bodies considering setting up their own channels, to maximise the benefits of exploitation of rights. Whilst this might not have a direct impact on listed events in the short term, the BBC would be concerned about the long term effect this will have on the sports rights market and how it will affect the availability of sports rights.

get out of rights

The Department of Culture, Media and Sports is also in the process of banning tobacco advertising. The removal of tobacco sponsorship of sports will not have a significant impact on the overall revenues of televised sport.

ditto

tobacco companies currently provide just over £9 million per year in total in sports sponsorship. This compares for example, with the £218m which football receives in gate receipts alone; receipts from other sponsors - of 48 companies who sponsored Rugby Union in 1996 none was a tobacco sponsor; receipts for television rights: football receives £75 m per annum; and the BBC will pay £10 m next year for home Test cricket rights and the NatWest trophy.

The BBC does not believe that any of the events which would be potential candidates for listing under the DCMS's criteria (including the BBC's suggested additions to the criteria) receive tobacco sponsorship.

August 1997

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