



TELEWEST
COMMUNICATIONS

Telewest Communications
Genesis Business Park, Albert Drive, Woking,
Surrey GU21 5RW

Tel: (01483) 750900 Fax: (01483) 750901

[REDACTED]
Head of General Broadcasting Policy Branch
Room 413
Department of Culture, Media & Sport
2-4 Cockspur Street
London SW1Y 5DH

4 September 1997

Dear [REDACTED]

CONSULTATION ON EVENTS LISTED UNDER PART IV OF THE BROADCASTING ACT 1996

I refer to the letter of 10 July from the Secretary of State to the Chief Executive of the Cable Communications Association which invited comments on the principles that should be applied in respect of the 'listing' of events. I hope that the following views, both on the specific questions and on the wider issue of live sports broadcasting, are useful despite not meeting your deadline. I apologise for this delay. You should note that these views should not be taken as representing the views of the cable industry as a whole.

The first point that we would make is that, in developing a view on such issues, we wish to keep the interests of our customers at the forefront of our considerations; ie. we wish to ensure that customers who have chosen to be connected to a Telewest network should be able to access as wide a range of content and other services as possible. As you will be aware, the cable offering allows customers to take telecommunications services alone, or in conjunction with television services, which include all terrestrial channels, the BSkyB basic and premium channels as well as other channels.

Under current arrangements, our customers have benefited from the growth of live sport on television, compared to those restricted to terrestrial television, and we wish this trend to continue. In recent years, customers have shown an increasing appetite for live sports programmes and we are all aware of the impact of sports on cable and satellite penetration figures.

Consequently, we believe that, in the interest of customers, the objective must be to achieve widespread access to key sports events. However, the extent to which this can currently be achieved is limited by a number of factors, including lack of capacity on terrestrial channels and the exclusive sale of rights to subscription television. At the same time, we recognise that the interests of the rights holders have also to be taken into account and we believe that customers are increasingly willing to pay for access to key sporting events.

We are aware of the benefits that the sale of rights has brought to various sports and that the higher values have been founded on exclusivity. However, we may now be reaching the time when the benefits from exclusivity may be limiting potential revenue opportunities for sport since, with more distribution capacity becoming available, the sports bodies themselves may be able to achieve the

same, if not better, value from the product being available to a wide, rather than a narrow, audience. This suggests that both live rights and highlights of sports events likely to command a high television audience (such as International and Premier League football, Test Match cricket, Wimbledon tennis and Five Nations rugby) should be available to all distribution networks on similar terms. It will then be the decision of the broadcaster in which form it would carry the event.

This may well ensure that customers of satellite, cable and digital terrestrial television would all have the opportunity to view the live event on a subscription basis, whereas analogue terrestrial customers would, at least, have highlights. In this respect, the take up of the subscription based services, including digital terrestrial, may be faster if customers could have access to individual channels or events without the need to buy a large bundle of channels.

In the medium term, when pay-per-view is a better established approach, there may be a case for the event 'promoter' arranging to film the event independently, offering access via all distribution media and selling 'electronic' tickets for the event to 'spectators'. The multi-channel capabilities of cable and satellite in particular, together with the localised delivery capability of cable, will then offer a range of options for event distribution, including simultaneous coverage of all major football, cricket, rugby, tennis matches, etc. This will be supplemented by interactive capabilities offering options ranging from viewing angles to merchandising.

In the light of the above comments, we do not see a need to increase the current list and we would be concerned if events became added to the list because of more recent commercial success rather than because they are part of our heritage.

Thus, the list ought to be limited to events that are in the broader public interest but should recognise that few major sports events can be contained to free-to-air broadcasting for much longer. Sports rights clearly have a value and listing should not unduly restrict the sports bodies from achieving an appropriate income.

In response to the specific questions, we would comment as follows:

- 'likely to command a large audience' - this is an appropriate criterion only where the event has had a history of regularly commanding a large audience, eg. over 50% of the viewing population. It would appear that non-listed events have a more recent record of commanding large audiences, eg. international football and top Premier League matches, than some of the historically listed events.
- 'regular event of limited duration' - we do not believe that this is an appropriate criterion unless it is combined with those above and below.
- 'where an event has a history of free-to-air live broadcast' - we do not see this as a key criterion unless it has consistently achieved a large audience.
- 'the impact of listing in reducing the income or potential income of the sport' - all sports should have the opportunity to benefit from the willingness of a wider audience to pay to

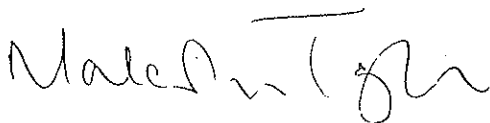
view an event(s). In the case of a listed sports event, the sports bodies should be given the opportunity to increase their income on the understanding that all distribution media should have the opportunity to access the sport on comparable terms and that highlights should be available on at least one free-to-air channel.

- 'the likely impact of listing on the broadcasting market, including future investment in sports broadcasting, etc' - the take up of multichannel television will be improved if more live sports can be available on a subscription basis and the investment should be forthcoming provided rights and/or highlights are available to all distribution media, with the latter available to public service broadcasters. We do not think it in the interests of customers, or the level of competition in sports broadcasting, if long term exclusive rights agreements are allowed to exist for high audience level sports. Because of the nature of live sporting events, ie. an event that cannot be replicated or substituted, exclusivity over rights has a much greater impact upon competition than exclusivity of other content, such as movies. Therefore, from customer interest and competition perspectives, we argue against exclusivity although primarily in those cases where the programme cannot be reasonably replicated or substituted by other broadcasters.

- 'availability of highlights' - these should be available to at least one free-to-air terrestrial broadcaster in all cases.

We look forward to hearing the outcome of your review.

Yours sincerely



Malcolm Taylor
Director, Regulatory & Public Policy