



UK Coalition for Cultural Diversity

## **UKCCD SUBMISSION TO THE LABOUR PARTY REVIEW ON CREATIVE INDUSTRIES & THE DIGITAL ECONOMY**

*The UKCCD is the principal UK, civil society organization supporting the implementation of UNESCO's Convention on Protection and the Promotion of the Diversity of Cultural Expressions, 2005. This unique treaty, ratified by 133 countries safeguards national sovereignty in setting cultural policy, affirms the cultural as well as the economic value of creative works, and obliges its signatories to be proactive in co-operation and exchange with the developing world.*

*The UKCCD is a founder member of the International Federation of Coalitions for Diversity, IFCCD, <http://www.ficdc.org/?lang=en>, which includes over 600 creator organisations and represents civil society at the Intergovernmental Committee in Paris. The IFCCD's 42 coalitions campaign regionally for cultural policy in support of sustainable development and the transversality of the treaty's aims across trade, environment, and social justice agendas.*

### **Introductory Statement**

The UKCCD recognizes the economic importance of the creative industries to Britain's economy and welcomes the role which the former Labour government played in promoting the creative sector.

The UKCCD also considers the cultural value of a thriving and diverse creative sector as central to the functioning of a participatory democracy. In the era of digital technology and the internet, it will be essential to develop regulation which will enhance the status of the artist, maximise the production of local creative works, ensure fair remuneration for all creative workers and deliver a fair and proportionate contribution from all global internet players to the local creative economy.

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- UKCCD submission to Labour Party Review, March 2014
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## Copyright

The UKCCD supports the recommendations of the Creative Coalition Campaign in their submission with regard to building a secure copyright environment for creators in this country.

## Funding

Certain internet multinationals, often non-European, are able to engage in “aggressive tax planning” within Europe, taking advantage of tax loopholes, and simultaneously avoiding serious investment in the UK’s and Europe’s creative economy. This concern is reflected in the recent establishment of a EU Commission high-level working group, specifically studying taxation of the digital economy

The Labour Party should evolve policy which modernises tax regimes in the cultural field and fully integrates new Internet players into existing systems of funding support. New rules should ensure that digital multinationals become active partners in investment in Britain’s creative industries and pay fair and proportionate taxes locally, where they offer goods and services.

The Labour Party should consider a private copy levy on all relevant hardware whose business depends and benefits from the creative output of UK’s creative community as proposed by Pierre Lescure, former president Canal Plus, Chair of Cannes Film festival.<sup>1</sup>

The impact of cuts under the current austerity programme demonstrates that although larger, national arts organisations and museums have efficient marketing and fundraising functions to survive, this is not the case with smaller organisations, and particularly those in the regions. Whilst the ratio of 30-30-30 to public, earned and private income might be desirable, there is no evidence that the philanthropic and business community is compensating for the current loss in public funding with the resulting loss of many organisations. Evidence of the scale of losses sustained by the arts sector can be found on the Lost Arts site

<http://www.lost-arts.org>

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- <sup>1</sup> **Pierre Lescure**, supervisor of the mission on “Culture in the digital era” commissioned by the French government
- <sup>2</sup> November 2012 statement, *Securing long term benefits from scarce<sub>2</sub> low frequency spectrum*, <http://stakeholdersforum.org/bigmedia/consultations/uhf-registered-uhf-3p-04-10-12>

Consequently, the Labour Party should evolve policy to encourage local government support and take measures to sustain public finance for the arts particularly in the regions.

### **Public Service Broadcasting and the Audiovisual Sector**

The Labour Party should support the extension of the EU's Audio Visual Media Services Directive in evolving policy to regulate for the audiovisual sector in the digital environment.

The UKCCD urges the Labour Party to safeguard the constitutional principles of public service broadcasting, particularly in the run up to the 2016 review of the BBC.

Public Service Broadcasting is the main driver for diversity and local content in the UK and the rest of Europe. We are not aware of any evidence that commercial players alone and without regulatory frameworks can deliver diversity of cultural expressions either before or after full media convergence.

In the UK, PSBs are responsible for approximately 90% of investment in UK originated programming and the PSBs channels attract the majority of audiences even on pay platforms. EBU research has also found that the BBC offers the highest level of original programming (whether in-house or commissioned) in Europe.

In comparison to BSkyB, whose revenues increased by 60% between 2007 and 2012 and who operate with an income of £5.5 billion, the BBC survives on a £3.7bn license fee and carries many obligations for the provision of services beyond programme production. Even when pledges from commercial providers are factored in, industry forecasts suggest the UK PSBs will still be responsible for approximately 80% of UK original programme investment by 2016.

Labour Party Policy should safeguard diversity of production, access and distribution in the broadcasting environment of connected TV. This includes

- safeguarding universal access - The BBC is delivered through Digital Terrestrial Television (DTT) which is the only platform offering low cost universal access to PSB which is also subscription free. Ofcom

determined that there was little prospect of cable, satellite or IPTV being a viable alternative to DTT until at least c. 2030.<sup>2</sup>

- standardising best practice in relation to users with disabilities – sight or hearing impairment. Providers of both content and services should be expected to support subtitled programming, audio description and sign language and across devices such as mobile, tablet, set-top boxes etc In the UK the BBC leads in providing these services although other PSB providers have some of these facilities.
- Ensuring that all players in the commercial sector, linear and non-linear, contribute proportionately to funding for locally originated content, research development and monitoring of the converged, Internet environment.
- Regulating for ‘findability’ of the diverse range of programmes in a converged environment
- Requiring all broadcasters to provide platforms for UK and European films through establishing “must carry” obligations

## **Key Considerations on the impact of the Digital Technologies**

### 1 Support for EU Audiovisual Media Services Directive

The Labour Party should support the extension and updating of existing regulatory frameworks. In Europe in the era of Convergence, the AudioVisual Media Services Directive (AVMS) provides the fundamental regulatory framework applicable both to commercial and PSB services – excluding content generated outside the EU and user generated content

- The AVMS provides a toolkit of measures to support diversity of expression. In the event of conflict with other e-commerce directives it should be given primacy given the special characteristics of the media in providing information which facilitates the democratic life of citizens.
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- <sup>2</sup> November 2012 statement, *Securing long term benefits from scarce low frequency spectrum*. [http://stakeholders.ofcom.org.uk/binaries/consultations/uhf-strategy/statement/UHF\\_statement.pdf%20](http://stakeholders.ofcom.org.uk/binaries/consultations/uhf-strategy/statement/UHF_statement.pdf%20)

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- This is particularly relevant in free trade agreements such as the one currently under discussion between the European Union and the United States. In this respect the Labour Party should support the exclusion of audiovisual services by operating the “cultural exception”
- In any extension of the existing framework it is important to be inclusive not only to refer to “broadcast or linear” but to television services. It is also important to consider extending the “must carry” option not just to operators and providers of an electronic communications network but also to operators/providers of services/facilities.
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- 2 Visibility in convergence era
- Any regulatory framework must ensure prominence and findability of PSB content in the changing Internet environment.
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- Ongoing, active monitoring of filtering mechanisms is essential to check the impact on media plurality of new gatekeepers. Analysis in a recent report by the Reuters Institute<sup>3</sup> noted that ‘digital intermediaries’ such as search engines, aggregators and social media could become distribution bottlenecks; distort future economic models; take editorial-like decisions; and influence the political agenda.
- 3 Distinctiveness of sectors
- The regulatory frameworks need to address sector specific needs.
- Given the high production value of film for example in relation to music, there are distinctive considerations. Production of European film depends on pre-sales based on exclusive rights related to different media platforms. Release windows differ depending whether the release is on DVD, Blu Ray, VOD, pay-TV, Free TV etc. So this requires a considered approach in the convergence context. Greater flexibility in release windows needs to be addressed in the context of funding obligations on all partners, on and off line in order to achieve a sustainable, long term financial strategy for film production and distribution.

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- <sup>3</sup>[https://reutersinstitute.politics.ox.ac.uk/fileadmin/documents/Publications/Working\\_Papers/News\\_Plurality\\_in\\_a\\_Digital\\_World.pdf](https://reutersinstitute.politics.ox.ac.uk/fileadmin/documents/Publications/Working_Papers/News_Plurality_in_a_Digital_World.pdf)

### **Support for the film industry**

Labour Party policy should review current co-production and subsidy regimes to encourage audiovisual co-production with Europe and the rest of the world. Currently there is little incentive for European partners to co-produce with British producers.

- Core funding for the British Film Institute should be reviewed to redress a situation where core services such as education and the management of the archive can only be properly resourced by being outsourced. This would also enable the recommendations of Lord Chris Smith's film policy review to be fully implemented.

### **Monitoring and Evaluation**

The British Government has ratified the Convention for the Diversity of Cultural Expressions and maintaining this diversity is critical to a thriving participatory democracy. However, there are no agreed criteria and an absence of systematic data monitoring to measure crucial elements such as gender and racial equality, regional distribution of arts organisations, and funding patterns, particularly where local government is concerned. Labour Party policy should ensure a coherent approach to gathering the data and evaluation needed to inform policy for different sectors and to monitor the diversity of our national creative activity.

### **Supporting the Potential of UK's Creative Economy for Sustainable International Development**

The former Labour government recognized the potential, both economic and political, for UK to maximize cooperation and skills exchange with countries lacking strong cultural policy, institutions and infrastructure. It played a key role in insisting on the role of culture in the mid-term Millennium Development Review. Future Labour Party policy should maintain this perspective and support the role of culture in the Post 2015 MDGs. It should affirm cultural priorities in the programmes of the Department for International Development. This would both incentivize development in our own creative industries and support our interest in enabling participatory structures of governance internationally.

Given the strength of our creative skills and talent base, and the international recognition of our arts institutions, UK should situate itself to be a leading player in promoting culture for sustainable development.