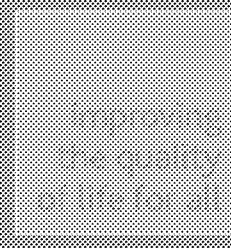


department for
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Submission to Leveson Inquiry, Module IV

Secretary of State for Culture, Olympics, Media and Sport
29 June 2012



Regulation of the press online

- Dealing with press regulation online has emerged as a key theme during the Leveson Inquiry
- This presentation sets out how future press regulation could account for technological change
- It aims to stimulate discussion and debate in this area as part of Module IV
- It does not aim to prejudge other fundamental questions on press regulation which are rightly for the Inquiry to consider – but acknowledges any approach must fit flexibly with these issues, including that the new body:
 - maintains freedom of expression and champions investigative journalism
 - must be suitably independent from both press and government
 - must have sufficient teeth with sanctions that empower it
 - must solve the membership issue or its authority will be undermined
 - must command the confidence & respect of the public and industry alike
- Neither does it deal with key process issues including design of the body's governance and accountability, or its funding model

The press online

- Press need new strategies to monetise products online, replacing print-orientated models
- Competition online is with wider international news market (blogs, social networking, broadcast news providers, other audio-visual orientated services, news aggregators)
- New breed of services (incl., trad press offerings) now regularly delivered in multiple formats – text, pictorial & audio-visual – across range of platforms and devices – IPTV, laptop, tablet, smartphones
- News providers likely to innovate further across these platforms, offering new content combinations. Proliferation of connected TV likely to impact on market further, with products innovating to keep up
- Regulation currently service based – different standards apply across broadcast, on demand, hardcopy and online news content
- News providers increasingly offering similar looking online services, but coming from different regulatory backgrounds – whether broadcast news providers, traditional press, online only blogs, etc.,
- Regulatory landscape increasingly hard for consumers to understand
- Potential scope to streamline wider media regulatory framework to help solve some of these issues

The press and audio visual content

- Current regulatory framework includes the following categories:

Broadcast TV (statutory)	"TV-like" On Demand Services, e.g., i-player (statutory)	The Press (voluntary)	Internet Content
Services (including IPTV) are subject to statutory licence, including content standards as set out in the Broadcasting Code	Subject to lighter touch content regulation standards (statutory minimum standards required by AVMS)	Subject to voluntary self-regulation incl., agreed Code of Practice. Covers online as well as offline press output	Content not subject to specific statutory regulation other than general law. Online sites may sign up to PCC if they wish
Statutory regulation by Ofcom	Co-regulation Atvod (Ofcom act as statutory back-stop)	Voluntary regulation by PCC	Unregulated

- Key growth area for news online is audio-visual (AV) - demand for this likely to increase. Press already in this space, but put off growing further into regulated areas like "TV-like" On-Demand
- Recent Ofcom decision has placed key test cases (e.g., Sun Video) outside Atvod regulation – some press sites have curtailed AV services in order to remain outside
- To avoid regulation, press may choose not to innovate further into AV, even though consumer demand exists. Want to make it easier for press to move further into AV if they want to
- Also want new press regulator to be relevant to online output, able to attract more online only news services, helping to ensure a level playing field for news provision online

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Regulation in a semi-converged world

- Regulation increasingly out of step with services delivering different kinds of content across different platforms and devices
- Adjustment to regulatory landscape could help limit barriers, and streamline

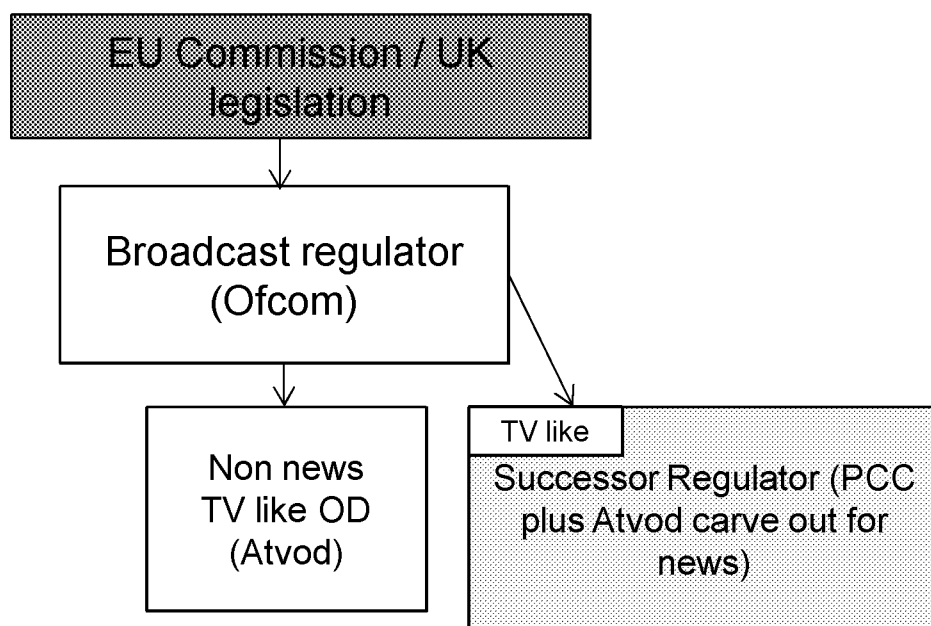
Broadcast TV	"TV-like" On Demand Services, for news only	The Press	Internet Content
Services (including IPTV) are subject to statutory licence, including content standards as set out in the Broadcasting Code	Subject to lighter touch content regulation standards (statutory minimum standards required by AVMS)	New regulator for the press (as per recommendations due from Leveson Inquiry).	Content not subject to specific statutory regulation other than general law. Online sites may sign up to replacement PCC body if they wish
Continues to be regulated by Ofcom	New converged 'news' regulator replacing the PCC?		Continues unregulated

- Signals shift away from service based divisions in regulation towards more converged approach
- Impartiality rule for broadcast TV remains intact, new regulator covers non-broadcast news services
- Incremental, tiered approach is potential stepping-stone to further convergence of regulation later

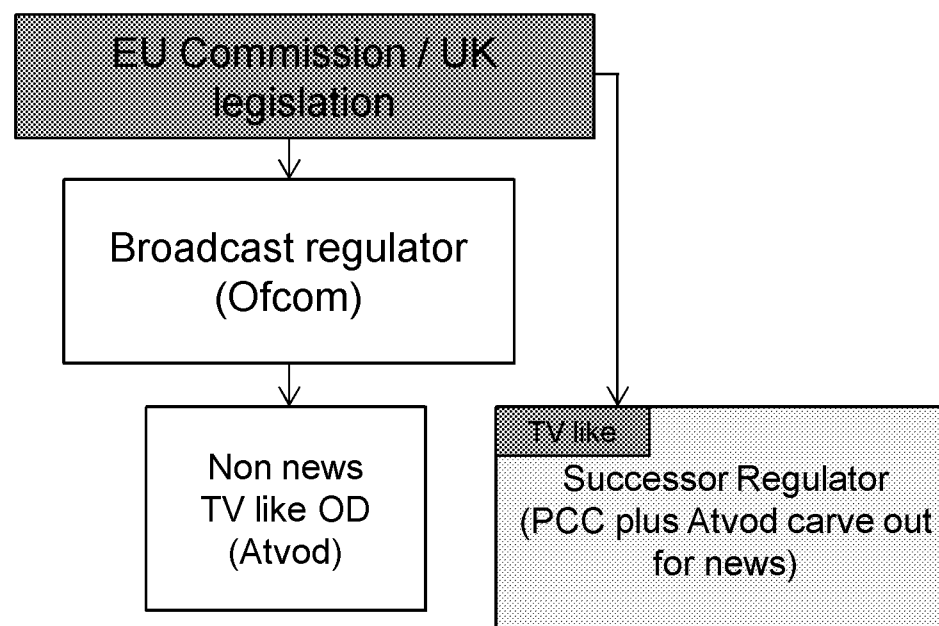
Delivering the successor PCC with new online responsibilities

- Initially at least, small part of new regulator’s role would require a backstop to accommodate “TV like” On Demand - in line with AVMS requirements
- Need to devise way of giving new body these powers. Following illustrates two possibilities:

Option 1: Broadcast regulator is backstop for “TV like” content



Option 2: Regulator given own backstop powers



- “TV like” requirements could remain completely distinct from press regulation (dependent on status recommended by Leveson for latter)

Benefits

- “One-stop-shop” successor to PCC creates single front door for regulation relevant to the press and non broadcast news providers
- New body aims to develop coherent set of standards for non-broadcast news, incorporating statutory regulatory standards (e.g., for TV like On Demand) where this is legally required
- Aims to attract greater number of online news providers into press regulation fold – access to “TV like” content regulation for news would require membership of the new regulator to qualify
- Creates tiered approach to regulation – Broadcast TV remains gold standard, successor regulator consolidates silver standard for non broadcast news (non-press online membership would be voluntary), other online content remains un-regulated

Gold Standard	Silver Standard	Bronze Standard
Regulation for broadcast TV subject to the Broadcasting Code	- Regulation of non-broadcast news - process and standards in line with Code of Practice (as per Leveson recommendations) - Regulation of “TV like” On Demand services for Non Broadcast News providers (Atvod continues to regulate rest)	Content not subject to specific statutory regulation other than general law. Online sites may sign up to silver standard if they wish
Broadcast Regulator (Ofcom)	New Non-Broadcast News Regulator	Continues unregulated except for rule of law

- Converged regulator leaves door open to further regulatory change later if required, depending on development of connected TV and other devices bringing convergence into the living room

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