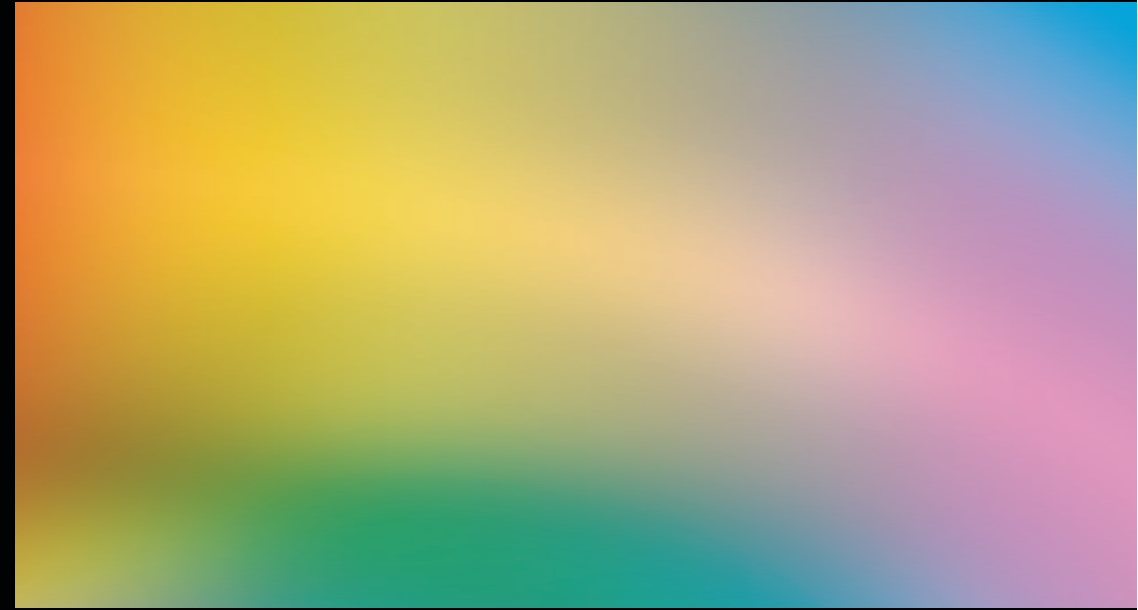


BSAC ANNUAL REPORT 2006



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BSAC is a unique organisation committed to serving the widest range of audiovisual interests. It provides an independent platform for discussion and facilitates the exchange of ideas and information, frequently acting as a vital link between policy-makers and practitioners. BSAC’s membership comprises business leaders and industry specialists from many sectors in film, television and the new screen industries. This breadth of membership allows the Council to gather the widest possible views on issues that affect the audiovisual industry.



Lord Attenborough

CHAIRMAN'S INTRODUCTION

BSAC has had a very busy year in terms of policy-related work, and has also held a number of successful events and informative Council Meetings.

BSAC's work on the replacement for the Television Without Frontiers Directive (now the Audiovisual Media Services Directive) continued in 2006 – with discussions focusing on the scope of the new Directive, advertising rules and the need for self-regulatory and co-regulatory mechanisms. In October, our Working Group submitted a response to the DCMS consultation on the draft text of the Directive. By the end of the year, there were some positive signs that the UK audiovisual sector's concerns about the draft directive were being heard in Europe (at both the Culture Committee hearing in November, and the Parliamentary voting session in December).

Throughout the year, BSAC continued working with Government in developing the new film tax credit, the details of which were finally published in the autumn. BSAC also engaged with DCMS on the wording and application of the cultural test, which films must pass in order to be eligible for receiving tax relief.

BSAC was actively engaged in a range of IP policy work throughout 2006. In May the Council submitted a response to the Gowers Review of Intellectual Property, launched by the Treasury. Later in the year, BSAC was approached by the Gowers Team to produce a specialised report on the problematic issue of orphan works (cases where material is unusable because the author/creator cannot be traced). Many of BSAC's recommendations were taken on board in the Gowers Report, which was published at the time of the Pre-Budget Report in December.

In August, BSAC responded to the DG Internal Market consultation on Copyright Levies – and later in the year responded to DG Information Society and Media's consultation on Content Online. BSAC looks forward to a Communication on issues from the European Commission during the course of 2007.

BSAC hosted a number of fascinating events during 2006. In March, for the third year running, BSAC held a successful conference on the future of the film industry, 'A Brave New World: Emerging Formats and Platforms'. BSAC also continued its Interview Series: in March, Niklas Zennström, CEO and Co-Founder, Skype discussed his views on the future of communication services - and in September, Fred Boekhorst, Senior Vice President, Philips Research, spoke about future home media technologies. In addition, in October, BSAC produced a session for the London Games Summit, 'The Games Industry: Competing for Audiences and Wallet Share'.



David Elstein

BSAC also held a number of lively and interesting Council Meetings in 2006, reflecting some of the main developments in audiovisual business and policy. Highlights included:-

- a presentation on the future of the advertising industry by Andrew Brown, Director General, Advertising Association;
- an overview of the various technical challenges of delivering film and media content via broadband by Ben Keen, Screen Digest;
- a discussion on issues facing European cable and satellite broadcasters with Simon Guild, Chief Executive, MTV Networks Europe and John Hambley, Chairman, Satellite and Cable Broadcasters' Group;
- a presentation on Five's future strategy by Jane Lighting, Chief Executive, Five;
- an overview of DCMS policies by the Minister for the Creative Industries and Tourism at the time, James Purnell, MP;
- a presentation on the Creative Economy Programme by Helen Williams, Head of DCMS, CEP for the Creative Industries;
- a discussion on the future of film and TV archiving with Amanda Nevill, Director, BFI; Sue Thexton, Managing Director, ITN Source; and Sarah Hayes, Head of Media Asset Management, BBC;
- a discussion on HDTV with Seetha Kumar, Head of HDTV, BBC; Hilary Perchard, Head of Product Marketing, Sky; and Adrian Northover-Smith, Head of Product Services and Development, Sony UK;
- an overview of the Ofcom Review of TV production by Jim Egan, Director of Strategic Development, Ofcom
- a presentation on the Slingbox by Stuart Collingwood, Vice President, Sling Media Europe, and a debate on its implications;
- an overview of spectrum management issues by Professor Martin Cave, Director of the Centre for Management Under Regulation, University of Warwick Business School;
- a discussion about the TV Production Review Settlements with John McVay, Chief Executive, PACT; Alex Graham, Chairman, PACT; Anne Bulford, Group Finance Director, Channel 4; and James Lancaster, Head of Rights and Business Affairs, BBC.

2006 has been a busy and successful year for BSAC. Work surrounding the Audiovisual Media Services Directive appears to be bearing fruit, with indications from Europe late last year that the replacement Directive will be more new media-friendly than had been anticipated. BSAC looks forward to having sight of the next iteration of the Directive - expected in the spring of 2007.



Fiona Clarke-Hackston

BSAC's work on the new film tax credit mechanism, which is now replacing Section 48 and Section 42, will no doubt extend into 2007. We look forward to continuing to act as a conduit between the industry and Government to ensure that the new system works as efficiently as possible and serves its purpose. Already this year (in January) we have held a successful film tax seminar, enabling industry executives to air views on the new tax credit system, and put any questions they had (on technical aspects of the new mechanism and the new cultural test) to DCMS and Inland Revenue officials present.

Having engaged in a range of IP-related policy work throughout 2006, we also look forward to the Patent Office consultations on issues arising out of the Gowers Review of Intellectual Property, anticipated early in 2007. It will be interesting to view the proposals put forward by the 'implementation body' which has been established to take the Gowers Review recommendations to the next stage.

BSAC also looks forward to engaging further with the European Commission on the next stages of their consultations on Content Online and the review of the copyright acquis.

BSAC is also planning a variety of conferences, seminars, interviews, and colloquiums this year. In March, BSAC will be holding its fourth film conference, which will explore how new technologies are affecting the business of film. In June, BSAC will be hosting a colloquium on film and TV archiving; later in the year, seminars are planned on copyright theft, and on the games industry. As usual, BSAC has also arranged for a range of leading industry and policy figures to speak at Council Meetings throughout the year.

Finally, BSAC continues to produce high quality policy responses and position papers, thus actively engaging in the national and European policy processes which affect the audiovisual industry. By maintaining its independence as a forum for open discussion, BSAC can take an issue and run with it, marshalling high-level industry resources drawn from its membership and beyond.

The British Screen Advisory Council – What and Who are We?

The British Screen Advisory Council is an independent advisory body to the government and policy makers at national and European level and to the audiovisual industry. It uniquely brings together the widest possible range of UK interests, experiences and contacts in the screen industries.

Members include senior management from television, telecommunications and new media companies, international film producers and distributors, cinema exhibitors, video distributors, technical experts, business people with media interests, media lawyers, communications consultants, TV producers, trade unionists and the heads of training and trade organisations. This breadth of membership enables the Council to gather the widest possible view on issues that affect the audiovisual industry. BSAC's views are represented both at a national and European level to civil servants and politicians and to the industry itself through reports, or at conferences and meetings. BSAC holds various educational and informative events including conferences, seminars and social gatherings, which provide valuable networking opportunities.

BSAC Members are invited to join on the basis of their personal qualities, experience and expertise within the audiovisual industry. New Members are proposed and elected to join the Council annually, while the membership of existing Members is reviewed on a three-year cycle. A full list of Members appears on page 44.

BSAC also operates an Associate Membership Scheme which enables companies with a particular interest in the sector to become involved in its work and attend the events programme.

The prime purpose of the Council is to enhance the prosperity, effectiveness and reputation of the screen industries of the UK:

- by facilitating interaction between different sectors and interests on regional, national, European and international matters, through a unique partnership of high level executives and specialists in the UK audiovisual industry that provides the broadest possible spectrum of knowledge and experience
- by operating as an industry body independent of government and individual corporate interests, placing priority on the collection and presentation of facts and views held by different sectors of the industry
- by providing informed advice to, and raising policy issues with, the UK and European Governments and policymakers, on behalf of the audiovisual industry
- by informing the various sectors of the industry about commercial, policy and technological developments.

This section provides some highlights of BSAC's policy work and Council Meeting debates in 2006.

Advertising

In the February Council Meeting, **Andrew Brown, Director General, Advertising Association**, provided a report on the current advertising market and regulatory issues at UK and EU level. Mr Brown said that the advertising market was experiencing a revolution at the fringes, driven by new technology – but that advertising revenues generated by traditional media remained relatively stable for the time being. With the total advertising market worth about £18 billion, press advertising comprised approximately half this amount (TV advertising worth approximately £4.5 billion). The main growth could be seen in poster media, indirect mail, commercial radio, cinema, and in particular the Internet (with a 3.5% share of the total market at the time of the report).

The changes taking place in the advertising market presented challenges for the self-regulatory system, which was launched in November 2004 under the aegis of the Advertising Standards Authority (ASA). Different codes still existed for broadcast and non-broadcast advertising. The levy system which previously existed within non-broadcast (about £1 per £1,000 spent), was extended into broadcast. In total, the advertising industry contributed around £10 million per year to the self-regulatory system. A key question would be how to ensure the self-regulatory system remained fit for purpose in a converged world.

Mr Brown said that Ofcom had tightened the codes on alcohol advertising, but that this had not had the negative impact that had been anticipated. The debate on food advertising standards was more worrying, and the sector was anticipating significant revenue drift as a result – Ofcom was expected to announce new measures by early 2007. Also in 2007, new licences for gambling were expected – advertising rules were likely to be modelled on those for alcohol (i.e. protection of minors).

The ongoing debate about the new Audiovisual Media Service Directive was also key for the advertising industry (see below). Mr Brown said it would be crucial that the Country of Origin principle should be retained, and that the scope of the Directive should not be expanded to include non-linear media.

Audiovisual Media Services Directive (AMSD)

In the summer of 2006, BSAC reconvened the AMSD Working Group, chaired by Roger Loughton, to prepare a response to the DCMS consultation on the Draft Audiovisual Media Services Directive. The Group developed a paper, written by Jonathan Davis, which included the following observations:



Roger Loughton

- **Scope** - The wider the scope of the Directive, the greater the need would be for flexibility at the Member State level over the nature of obligations and the manner in which those obligations were implemented
- **Definitions** - The definition of services covered in the draft Directive needed to take into account the multiplicity of ways of delivering television services. The aims and objectives of European policy would not be served by capturing other kinds of services. There was a danger of audiovisual commercial communications independent of audiovisual media services being subjected to inappropriate rules
- **Country of Origin** - There was a real potential for conflict between regulatory regimes in different Member States. Such conflict would be best resolved through effective co-ordination and exchange between regulators. The global nature of audiovisual media service markets should be borne in mind however, as well as the need to avoid disadvantaging small and medium enterprises (SMEs) that make up a large part of the audiovisual sector
- **Advertising controls** - The purpose of advertising controls in a European directive should be limited to whatever is necessary for consumer protection. Establishing sound principles is preferable to detailed rules whose application may well be out of kilter with objective realities
- **Co- and self-regulation** - Co- and self-regulation was highly desirable, assuming that the interests and incentives of those being regulated, of consumers and citizens, could be aligned. Where conflicts of interest or a mismatch of incentives arose, it would be the duty of government to mediate and arbitrate.

In November the Commission's draft text was heavily amended by the European Council (Culture Committee), which proposed restricting the Directive to apply to linear services only (i.e. TV-like scheduled services). The news was also encouraging for the Country of Origin principle – it was proposed that non-linear services should be subject to rules which appear similar to those already existing under the E-Commerce Directive. The new text provided increased flexibility regarding product placement, sponsorship and advertising; however, it also introduced some new restrictions and obligations in non-linear services. The amended text also allowed the possibility of self-regulation in

addition to co-regulation, which could create yet further flexibility in this area.

At the Parliamentary voting session in December there was again a positive outcome. Votes confirmed that product placement should be prohibited (allowable only in certain circumstances) and that, in terms of the 30 minute advertising restrictions on news and children's programming, advertising breaks should be allowed. There had also been a positive outcome on the Country of Origin principle. The Commission is due to publish the next draft of the text in February 2007.

Audiovisual Piracy

At the January meeting, there was a discussion on the issue of audiovisual piracy. **John Enser, TV Piracy Group**, Olswang described the work of the TV Piracy Group (now known as the 'TV Against Piracy Group') which was established in 2005 after a successful Olswang/BSAC seminar. Mr Enser described TV piracy as a nascent problem, which can be expected to grow very quickly and leave the industry to face many of the issues that the music industry has had to deal with. TV piracy has been promoted largely by technologies such as BitTorrent, which are very successful at distributing material to satisfy high peak demands at specific times. Although this type of piracy is considered a relatively small problem at the moment, it is something that is expected to grow extremely rapidly.

Mr Enser said that the purpose of the TV Against Piracy Group was to coalesce interests in piracy around a number of particular challenges. One of these challenges involves educational messages: explaining to people why piracy is wrong. This is a particular challenge in the TV business because (unlike music and movies) there is a lot of TV programming that people receive and consume free at the point of use, but do not necessarily consider other uses of this material as piracy. The Group was planning to carry out more empirical research to determine how various sites for downloading material are being used, and to share this information with organisations such as the MPA and BPI who are closely studying the same groups of pirates. The TV Against Piracy Group had no intention of becoming a 'regulatory agency', but was keen to ensure that all facets of the TV industry work closely together to move the industry forward in a way that will help minimise losses.

Lavinia Carey, Alliance Against IP Theft/Industry Trust for IP Awareness, provided an overview of the work of the Alliance and the Industry Trust, and a statistical snapshot of the impact of piracy on film, video and TV. She explained that the Alliance represented the music, games, film, video, TV, software, design, publishing and retail sectors – and that the Industry Trust was primarily a partnership between the video industry and retailers. A tracking study was commissioned through IPSOS. According to

the study results, the damage that is being done is not limited to Hollywood titles; British titles are also suffering. The total loss to the British audiovisual industries was estimated at £1 billion. The average cost of piracy to one blockbuster title in Britain (across all platforms) was assessed at £14.2m. 10% of people had purchased a counterfeit DVD; 16% admitted physical or digital theft; 26% had bought, borrowed or watched pirate material; and 7% had participated in digital infringement (downloading and/or copying films and TV series to DVD).

The information from the study had been submitted to the DCMS and the Home Office. At the time, the Home Office was deciding what the priorities should be, going forward, for the new Serious and Organised Crimes Agency (SOCA), which was due to commence working in April 2006. Ms Carey said that the Alliance had lobbied SOCA, suggesting that focusing on IP crime would possibly provide an avenue to a lot of criminals involved in higher risk, covert activities. Criminals are attracted to IP crime because it is low risk and very high profit, characterised by a black market which involves large-scale copying of DVDs, often taking place within residential premises. Evidence from the tracking study had been useful in helping to establish this as one of SOCA's priorities.

The Alliance Against IP Theft had recently proposed a four-pronged strategy to deal with piracy:

- Enhancing production protection and security - a sectoral issue, responsibility for which lies with industry
- Government lobbying and establishing an alliance with industry so that both work in unison to fight IP crime
- Improved legislative reforms to close loopholes which create problems for enforcers, such as the Federation Against Copyright Theft (FACT), and the Courts
- A major communications strategy, involving a national awareness campaign, which had already been launched in video but would be expanding to new sectors to provide people with greater awareness about piracy and the fact that it is a crime.

Ms Carey said that the Alliance had been successful in enabling a number of changes. In 2002 a private Members Bill had been passed - which led to improved seizure and forfeiture provisions, with sentencing penalties being extended to a 10 year maximum for copyright theft, thus making it an arrestable offence. IP crime had been added to the list of offences under the Proceeds of Crime Act, and there had been heavy lobbying for enforcement agencies to benefit from rules on seizure.

There was now better funding for police, and a special unit had been set up within the Metropolitan police to deal with IP crime. Money would go from the Assets Recovery Agency (ASA) to Trading Standards, which would increase their capacity to act on IP crime (as currently Trading Standards Officers only have the power, rather than the duty, to enforce copyright law). The Patent Office had agreed to meet any shortfall in funding in terms of the cost of enforcement. The IP Crime Group, set up in 2004 and run under the Patent Office was another positive development. The Group had seen the first Government led multi-agency (Customs, Trading Standards, Police and the Department of Work & Pensions) raids taking place in North London and Wembley markets at the end of 2005, leading to successful prosecutions. Successful lobbying had also placed IP crime on the G8 Agenda, taking the issue of IP crime to an international level.

Ms Carey said that the Industry Trust for IP Awareness was working on an initiative with UKFC and other industry players to encourage all sectors to both join the Trust and contribute to a fighting fund (which was created in the previous two years to facilitate a national advertising and promotions campaign). The Trust had given donations to FACT to assist with their intelligence and other resources. Results had been particularly encouraging, and the Trust and the Alliance hoped that the collaboration between industry players would continue to grow, aiding delivery of the four prongs in the fight against piracy.

Thomas Dillon, Motion Picture Association then provided a brief overview of the MPA's strategies for fighting IP crime. Mr Dillon explained that the MPA are working on about 65 anti-piracy programmes around the world. The three main areas of activity are:

Internet Piracy - The MPA has seen some progress attacking internet piracy. Characteristically, when one issue has been dealt with, another problem tends to emerge.

Hard Goods Piracy - These include the sale of DVDs and DVD-Rs, which saw some important changes around mid 2005 with DVD imports from Asia being replaced by local DVD-R burning.

File Sharing/Peer-to-Peer - The MPA is very familiar with activities relating to individuals exchanging films, TV programmes and other forms of digital files via the internet.

One of the issues the MPA addresses is how such material enters the public space in the first instance. Most of the time, material that finds its way onto the internet starts with individuals who specifically make it their hobby or business to make films available on the internet. These people are referred to by the MPA as 'release groups' or 'encoding

groups'. In Europe, this often involves preparing a dubbed version of the film. The origins of these films vary, but the first appearance of a film in the market is very often a direct recording made in a cinema. Cinema audio recordings are often taken and added to English language copies of films. The material is then made available on what is known as a 'top site', which is a powerful server which only a limited number of individuals have access to. After the satisfaction of being one of the first few people to see the film, these films are passed onto release groups, into chat channels and ultimately to peer-to-peer networks. The link between internet piracy and hard goods piracy is not rigidly distinct, as it is often from a digital download that works get into the hard goods arena (i.e. street markets, single vendors etc.) and the source of internet piracy can sometimes also be traced back to a hard goods copy.

Mr Dillon said that the MPA strategies for 2006 involved action against those at the pinnacle of acts of piracy, namely the release groups and action against those "Groksters" who facilitate acts of piracy (i.e. peer-to-peer networks).

Over the past couple of years or so the music industry suffered economically and was engaged in legal wrangles as a result of peer-to-peer networks. In the case of film, largely because of the size of the files, it was still the case that a completely decentralised peer-to-peer system did not work very well. The systems that work well are those which are organised by a server that co-ordinates contact between internet users. At that time, film piracy was still at a stage where those who wished to share films and TV online would be using a system that was to some extent centralised.

The latter part of 2004 and the beginning of 2005 saw some positive results in the fight against piracy, particularly in Germany, where a number of raids were carried out in a number of different homes, and release groups (accounting for 80% of the illicit recordings market) were taken down. France also saw positive removal of release groups accounting for about 250 titles.

The MPA was working with the FBI in the US, and FACT in the UK, as part of its international operations against piracy involving 11 countries. Around 35 BitTorrent servers and 20 eDonkey servers had been brought down globally, and there had been raids against file-sharing hubs and at least 20 convictions. Another site taken down was EliteTorrent which had 100,000 users, accessing 1,000 movie titles and TV programmes.

Mr Dillon said that anti-piracy measures designed for the iPod were also being pursued by the MPA. Pirates sell Video iPods with pre-loaded content, and illegitimate sites exist from which to download material via the internet. Another area to watch is high definition TV. It is expected that as HDTV becomes more popular in the UK, it will give

rise to release groups recording programmes, removing commercials and then making the content available on a top site for downloading.

Broadband Delivery of Video and TV Content

At the October Council Meeting, **Ben Keen, Screen Digest**, provided a presentation on the various technical challenges of delivering film and media content via broadband. He explained that content can be delivered via IPTV technology (i.e. over closed networks to a set top box e.g. Homechoice, and the various services that many telcos are currently rolling out), or via open internet delivery (e.g. GoogTube, iTunes Video, Movielink, LoveFilm.)

He explained that the first challenge in enabling such technologies to work was compression of the original file. DVD and digital TV currently used MPEG-2, a compression technology which is about 10 years old. MPEG-4 was beginning to penetrate the market, and VC-1, a similar technology was at the heart of Microsoft's Windows Media technology. Other technologies available or at R&D stage included the BBC's DIRAC (an open source video codec). But despite compression technologies, video files were still large, especially if the original file was a HD version. Currently, mainly short pieces of content were streamed over the internet. For longer form content, downloading the whole file before viewing was normally required.

Mr Keen said that costs of going digital for service providers were high – relating to the size of the transmission 'pipe'. Streaming a two hour movie in the US would cost about \$1 in bandwidth costs alone (cheaper than in Europe). Unicast transmissions (i.e. one to one connections - with a server at one end and one viewer at the other) were very different to conventional broadcasting transmissions (i.e. one to many). The equivalent to broadcasting on the net was IP multicasting, where one live signal or stream reaches numerous recipients. Peer-to-peer networks had the capacity of removing some of the bandwidth costs from the service provider and transferring them across to the consumer instead. Sky-by-broadband and the BBC's iPlayer services were utilising this technology. Although this structure applied mainly to downloads, it was also possible to stream services via peer to peer. Mr Keen commented that Quantum Transport video streaming from Itiva was another efficient technology, which did not use peer to peer architecture.

Competition between broadband service providers for consumers was having the effect of bringing down prices and increasing speed of services on offer. Over a typical DSL connection, a movie download would normally take about 2 hours or more to download a file, for an HD file this would take about 8 hours. ADSL2+ was more efficient, but was only available on unbundled lines, and the BT main network was not ready for it yet.

Research by the Broadband Stakeholder Group (BSG) had recently suggested that by 2012 a significant proportion of the UK population would require about 23 mbit/s in speed connection.

Mr Keen explained that protection of content was another challenge. Hackers could easily interfere with services - at the time of the Council's discussions, Sky-by-broadband had been suspended due to hacking activities. The issue of moving content from the PC to be viewed on other devices such as a DVD player, whilst protecting it, was also complicated. A range of solutions were being explored, such as making the PC itself a sit-back device, or connecting a broadband set-top-box to the TV and hard-disk (e.g. Akimbo in the US, and Aggregator in the UK). Mr Keen said that the development of home media networks was another complex area, requiring sufficient bandwidth around the home for the relay of multiple content streams.

Cable and Satellite Broadcasters

In the June Council Meeting, there were two presentations on the issues facing European cable and satellite channels.

Simon Guild, Chief Executive, MTV Networks Europe, began the session by describing the growth of MTV Europe and its current strategies for growth in the market. At the time of the meeting, MTV had a 1-2% global market share. He explained that by the end of 2006, MTV would have launched local services in Estonia, Latvia, Lithuania, Ukraine and Turkey. Its target market was youth, but MTV also operated a children's channel, Nickelodeon - and Paramount Comedy (an adult entertainment channel), and planned to launch more channels across Europe. The rationale behind this strategy was to offer a portfolio of products to advertisers in order for them to target specific audience types.

Mr Guild explained that not only did MTV operate cable and satellite channels; it also operated some terrestrial channels in some European countries, such as Russia, and Italy. New media products had moved to the forefront of MTV's interests, and had a number of ventures aimed at the mobile and online markets. MTV Flux, which allowed users to submit their own video material, was getting 350,000 videocast hits per week in EMEA in June. MTV Overdrive, a broadband video channel (combining both linear and on-demand viewing), was receiving 700,000 visitors per week in the UK.

Mr Guild ended his remarks by stating the risk of mass piracy was a major concern for MTV Europe - a recent search for MTV on YouTube had revealed over 8,500 video entries.

John Hambley, Chairman, Satellite and Cable Broadcasters' Group (SCBG), focussed his comments on four key policy issues concerning SCBG: the BBC Charter Review; digital switchover; public funding of PSBs; and the Audiovisual Media Services Directive.

Mr Hambley said that although SCGB supported a strong and well-funded BBC within a mixed economy of British broadcasting, it opposed the proposals at the time for licence fee increases above the rate of inflation. It also questioned whether the new governing system would be able to regulate the BBC's activities and expenditure in the public interest.

However, he said that the other incumbent terrestrial broadcasters (i.e. ITV, Channel 4 and Five) were all engaged in seizing dominance in UK broadcasting up to and after digital switchover. Ofcom was allowing PSBs to launch and promote new channels which were wholly commercial and, with no public service content, were competing head on with commercial services.

According to Mr Hambley, ITV, Channel 4 and Five were being favoured by Ofcom in the production sector review, which was giving them a greater stranglehold over intellectual property. The future spectrum auctions, he said, were also likely to favour incumbents. SCBG were in the process of making a formal complaint to Ofcom in terms of its failure to meet its obligations under the Communications Act to ensure fair competition and circumvent collective dominance in this area. One of the remedies would be to start a comprehensive review of public service broadcasting funding - similar to Ofcom's proposal to review BBC's funding methods and levels (in its response to the DCMS Green and White Papers on BBC Charter Renewal), as well as a review of public service status, privileges of existing public service broadcasters and an examination of contestable funding (e.g. some licence fee revenues going to organisations other than the BBC).

The ongoing review of the Television Without Frontiers Directive was also causing concern for satellite and cable broadcasters, particularly the threat to the Country of Origin principle. Mr Hambley said that the UK Government were preparing to make some concessions (i.e. to give away some UK regulatory powers) in order to keep new media businesses out of the scope of the new Directive - and that such a move would be extremely damaging to the cable and satellite sector.

Creative Industries Policy

In the January Council Meeting, **James Purnell, MP, Minister for the Creative Industries and Tourism**, spoke to BSAC Members about current DCMS policy priorities.

Mr Purnell said that the BBC White Paper could be expected before Easter. The Government's objective remained to ensure a strong BBC, independent of Government, with a 10-year Charter and a licence fee covering that period of time.

In terms of the digital switchover programme, Mr Purnell said that the aim was to put in place a system which would assist people over the age of 75, and those with disabilities, in making the transition to digital. It was crucial to ensure access to TV, free at the point of use, around the country. He explained that the UK was at the forefront of technology, a primary reason for the success of its media businesses. The released analogue spectrum after digital switchover would serve to further encourage the growth of the new media sector in the UK.

Mr Purnell then spoke about the ongoing review of the TVWF Directive, and made reference to the scope of the Directive. At the time, the draft text of the Directive implied that non-linear services would be included within its remit – a worrying prospect for new media businesses. DCMS would be working with other Member States to try to alter the scope.

In terms of film tax policy, Mr Purnell thanked BSAC for its involvement in the consultation process with Treasury and Inland Revenue. He said he hoped that Members were satisfied with the announcements made by the Chancellor before Christmas, and that there still remained some details to be ironed out (in particular relating to co-production, animation and documentaries).

Finally, Mr Purnell said that DCMS were working with UKFC to review film policy, and had recently launched the Creative Economy Programme (see below), a long-term evaluation of the creative industries involving workshops and seminars with creative industry leaders, which aimed to encourage growth of these sectors.

Creative Economy Programme

At the October Council Meeting, **Helen Williams, Head of DCMS CEP for the Creative Industries**, gave an overview of the Creative Economy Programme (CEP).

Ms Williams said that the CEP mission statement was "To create the best framework to support the innovation, growth and productivity of the creative industries, bringing

coherence to those public projects which support them, so that Britain may become the world's creative hub". DCMS had been working closely with the DTI, since the launch of the programme in November 2005, to position the creative industries at the centre of the UK's economic future.

The aim of the programme was to introduce a new policy position to which everyone could sign-up. This would take the form of a Green Paper or policy paper intended to be released in early 2007.

Seven industry Working Groups had been set up: education and skills, access to finance, competition and IP, technology, infrastructure, evidence and analysis; and diversity. Each of the groups had, by the time of Ms Williams' presentation, made recommendations to Government aimed at improving the productivity of the creative industries.

There were 80 responses to the consultation over the summer – main messages or themes that emerged included: the need for better business skills in the creative industries; the difficulty many creative industries face when accessing finance; the need for more diversified workforces for further innovation; the need for improved relationships between educational institutions and the creative industries; and the need for greater knowledge on developing technologies.

Ms Williams said that the next step would be to commission further research into the drivers of demand for creative industry products, and the relationship between creative industries and other industries (and how this interrelationship benefits society). The development of the Green Paper would be in a two stage process. Part One would be evidence-based analysis of the creative industries landscape – and the development of a policy to which all stakeholders could sign up. Part Two would involve proposals, as a result of the evidence gathered, with a long-term objective of future support for the creative industries.

Content Online Consultation

In October, BSAC delivered a response to the European Commission (DG Information Society and Media) consultation on Content Online. The paper made the following key observations:

- In a transitional environment, any changes within the regulatory regime should be undertaken with great care. A light touch regulatory environment is essential to enable new online services and business models to emerge unhindered. The industry needs to be able to experiment with many different forms of online business models,

pricing/payment systems and DRMs to find out what consumers want. Premature intervention runs the risk of distorting the market, with potentially long-lasting and undesired consequences

- BSAC is strongly in favour of national self and co-regulatory models for “non-linear” online media – in our view, new services are already adequately regulated by the Electronic Commerce Directive and the Council Recommendation concerning the Protection of Minors and Human Dignity
- The development of DRMs should be market driven, and only subject to the existing EU regulatory framework. It is in the industry’s interest to put in place DRM systems that are transparent and consumer friendly. BSAC would welcome further work to be facilitated by either the EU Commission or the UK Government to encourage a greater consensus on standards
- BSAC does not believe there is a need for intervention in the area of online content licensing/rights clearance – although there are some limited areas of licensing where further study and regulatory change may be necessary, in particular with regard to orphan works
- While piracy is a major threat to the development of the online content market, it should be borne in mind that providing attractive new business models to consumers, at a fair price, is part of the solution to piracy - as is better education and awareness about IP. Enforcement activities need to be supported by an appropriate regulatory framework
- Although there are some concerns that existing communications networks may not be able to live up to consumer expectations in the delivery of certain forms of online entertainment in the near future – intervention is not necessary since the market is expected to evolve naturally as more online entertainment services rollout and consumer demand increases
- While it is essential that public access to knowledge and ideas should be maintained in the online media environment in line with the Lisbon Agenda aims, this must be balanced by enabling commercial entities to thrive and exploit the full value from their investments going forward.

(The paper is available for download on the BSAC website at www.bsac.uk.com).

The European Commission are expected to adopt a Communication on Content Online in the second half of 2007.

Copyright Levies Consultation

In August, BSAC submitted a response to the European Commission (DG Internal Market) consultation on Copyright Levies. The paper included the following observations:

- Most BSAC Members are strongly opposed to a copyright levy and legalised private copying in a digital environment. It is increasingly difficult to justify a levy by arguing that it is difficult to license private copying in any other way (as the consultation document suggests). The lack of transparency with respect to levies is also a concern
- The preferred approach is to develop consumer-friendly online business models using digital rights management systems (DRMs), which provide the means to link copying and the copier to a payment
- However, a smaller constituency of BSAC Members (performers and creators) are not in agreement with this position. Support for levies in the digital environment is based on a belief that, rather than to address problems with illegal copyright by using DRMs (which they believe may lock up content and get little support from consumers), it is better to permit private copying and gain compensation for rights holders for this via a levy
- BSAC shares consumer groups’ concern that the copyright framework should not permit “double compensation” for any private copying - that is where the consumer directly or indirectly pays twice. Of even more concern may be the consumers who pay via a levy on equipment or media that they rarely, if ever, use for private copying of protected content. In effect, these consumers would be subsidising the private copying activity of others
- BSAC accepts that the audiovisual sector has a responsibility to ensure that new business models are delivered in a transparent and fair way, with clear labelling for consumers where DRM tools are used
- Interoperability is an issue that BSAC recognises must be kept on the agenda, but a regulatory solution is not the right way forward. Further work to encourage a greater consensus on standards would be welcomed, possibly led by the Commission
- Concerns raised about the use of DRMs with digitally recorded copyright content are in part based on a misunderstanding of what DRMs do. Early use of DRM technology has admittedly been primarily used in order to protect DVDs against unauthorised copying. However, DRMs have much more potential than this and are better viewed as the enablers of dissemination of copyright material in innovative business models. DRMs can also carry rights management information enabling authorisation and payments for copyright use to flow through the value chain

- Digital technology is being developed and used in the audiovisual industry in ways that will provide products delivering more consumer choice with different pricing mechanisms. BSAC believes that it is very important to be able to preserve the value chain in the audiovisual sector so that there is a sufficient economic incentive to industry to provide flexible use and deliver these choices to the consumer
- The majority of BSAC Members believe that DRMs provide the means to control the different business models being developed; they are crucial to the development of sustainable business investment that can create new products for consumers.

(The paper is available for download on the BSAC website at www.bsac.uk.com.)

In December, Internal Market announced that ‘more reflection’ was needed on the issue of Copyright Levies on blank media, thereby shelving proposals for reform.

Copyright Mapping

The BSAC document, ‘A Legal Map to Protecting and Exploiting Audio-Visual Works in Digital Media’, researched and written by **Nick Fitzpatrick** originally in 2004, was updated in November 2006. This extensive report provides clear guidelines on the protection and exploitation of audiovisual works in digital media for industry professionals. (The report is available for download on the BSAC website at www.bsac.uk.com).

Film Tax Strategy

BSAC continued to be very active on film tax issues during 2006. Over the last four years it has played a major role in discussions with Government and the UK Film Council on the development of the new film tax mechanism.



Premila Hoon

The Industry Working Group on Fiscal Policy for Film (chaired by **Premila Hoon, Managing Director, Media and Telecoms Sector, Société Générale** submitted a response to the Finance Bill in April. The paper welcomed the new film tax mechanism, but sought further clarification regarding a number of issues in Schedules 3, 4 and 5. Queries relating to Schedule 3 included: the meaning of “film production company” (clause 32); the meaning of “production expenditure” and related expressions (clause 34); the meaning of “UK expenditure” (clause 35); conditions of relief: intended theatrical release (clause 39); conditions of relief: UK expenditure (clause 41); use of losses (clauses 43, 44 and 45). Queries relating to Schedule 4 included: pre-trading expenditure (4); income from the

film (6); and calculation of profit or loss (7). Queries relating to Schedule 5 included: film tax credits (6); amount of credit (13) and wrongful disclosure (25). The paper also called for: further guidance on transfer pricing; information on the regulatory apparatus governing Inland Revenue’s ability to change the tax credit rules. It also stated that until further clarity could be provided, banks would consider the discounting of tax credits to be an uncertain and high risk venture, possibly leading to high fees and low amounts of debt being made available to productions. Finally, it questioned the rationale behind repealing Section 41 (i.e. excluding script development costs from being eligible for a tax credit). **Larry Chrisfield** was also instrumental in putting together this report. The paper is available for download on the BSAC website at www.bsac.uk.com.

In November, the cultural test (necessary for films to pass in order to be eligible for receiving tax relief) was approved by the European Commission, after several months of delay due to it being deemed not to be compliant with State Aid rules. **Dee Davison, Film Branch, DCMS**, spoke to Council Members at the November Council meeting about developments in Brussels, and announced that DCMS would imminently be publishing the guidelines to the cultural test. There were some concerns amongst Members that the amended cultural test, which reduced the amount of points allocated to production to 3 out of 31 (from the previous level of 15 points out of 32 which had earlier found favour with BSAC), and which increased the cultural points to 20, would work against inward investment.

Film and TV Archiving

At the November Council meeting, there was a session on the future of film and TV archiving in the UK. Council Member, **Jonathan Davis**, wrote a paper on archiving issues, which highlighted the challenges faced by the archives and estimated the cost of tackling these issues. The discussion was based around this paper.

Amanda Nevill, Director, BFI, gave a presentation on the National Film and Television Archive (NFTVA). She explained that the archive was one of the largest in the world, taking up 37 acres of land. The traditional method used by film archives around the world was to duplicate film. While this was practical for small archives, it was less so for larger collections such as the NFTVA (as this would cost in excess of £100 million – and even then, the longevity of the material is not guaranteed).

Ms Nevill said that the BFI had been conducting research with the Image Permanence Institute in the US for a period of about two years, resulting in a new strategy to stabilise the NFTVA collection. This meant getting as much of the archive as possible into an environment that would minimise decay. It would also be essential to make a distinction

about what was the most appropriate material to duplicate, thereby requiring excellent curatorial skills and a need to provide accountability and confidence to the public that the right material was being duplicated.

Digitisation of material was not a proven preservation method for film – there was no evidence to suggest that, if this material was digitised, it could be retrieved in the same quality in several years to come. For this reason, much effort needed to be put into preserving the original. The BFI had introduced new temporary vaults in Gaydon (refrigerated containers serving to reduce the nitrate down to very cold temperatures, thus slowing down deterioration).

Ms Nevill explained that for a number of years, the BFI had been looking at ways of making archive material available to the public. Screen Online provided a valuable educational resource with over 300 hours of clips. The BFI had also recently launched a video download service from which users could pay to download films from the archive. This was potentially a good model for distribution, and the BFI was keen to build business relations with large numbers of rightsholders. Another initiative, the soon to be launched Mediatheque on the South Bank, would potentially be a solution for providing temporary access to material (to which the BFI does not own the rights).

The previous year, DCMS had asked the BFI to consult with other archive organisations around the country in order to develop some ideas for a national strategy. In 2005, a proposal for a national strategy was delivered. The strategy paper called for: common standards of care for all archives; integrated collection policies; formats for redistribution; and the development of centres of excellence. Ms Nevill said that, although it would be ideal to have access to public archives in every region, this was unlikely to be a cost-efficient use of public funds. Centres of excellence would prove to be a more efficient way forward, and this would mean building upon those archives which existed already. It was suggested in the paper that a single voice of partnerships, in terms of rights, funding and commercial exploitation would be very useful. The paper also called for some initial stabilisation funding, particularly for the regional film archives. Money was also requested to conduct an audit and some studies into the complete state of affairs from quantity of material, condition of material and levels of investment necessary. Ms Nevill said that the case was resting with the DCMS, and it was hoped that this would bear fruit in the comprehensive spending round in 2007.

Sue Thexton, Managing Director, ITN Source, explained that ITN Source was a commercially driven entity, containing over 700,000 hours of content. In contrast to the NFTVA, in the commercial archive world digitisation was relied upon as a suitable vehicle for preserving material. Ms Thexton said that during the previous year, £2.5

million had been spent investing in a digitisation system. About 135,000 clips had been digitised since July 2005. The overall scale and scope of the challenge faced was huge. Unlike other organisations such as the BBC or Channel 4, ITN's approach was to turn most of its material into clips rather than digitising whole programmes.

Ms Thexton explained that ITN Source had a 12 hour per day ingest policy for legacy material – choices about which material was archived were made from a commercial perspective (which therefore would not necessarily fit with the national desire for preservation of historic material). There was no justification for retaining the material that did not make it to the archive. As a result of this, consideration had been given to looking into the possibility of exploring public and private partnerships. ITN Source had some experience in this area - the British Pathé archive collection was managed by ITN Source (the National Lottery funded the digitisation of 3,000 hours of Pathé archive material). In addition, ITN Source had worked with the British Universities Film and Video Council (BUFVC) on the Newsfilm Online (NFO) project, which allowed universities throughout the UK to access and study 3,000 hours of news footage.

Ms Thexton said that a national strategy, representing a clear message from all archive stakeholders, was paramount - particularly as, unlike the NFTVA, there existed many other privately held archives which had commercial return on investment as their only means of funding. Public and private partnership would therefore be a sensible way forward. It would thus be worth engaging with organisations such as the International Federation of Film Archives (FIAT) and the Federation of Commercial Audiovisual Libraries (FOCAL).

Sarah Hayes, Head of Media Asset Management, BBC, said that for all archive organisations, whether public or private, there was a need for a collective role in trying to understand the purpose of archiving. She agreed that there should be a national strategy as to how to reconcile some of the differences in funding across the different bodies, and how to reach agreement on a common goal. Defining strategies for archiving required taking account of the scale and size of the proposition.

The role of the archive had been significantly re-defined for the BBC after Greg Dyke announced that he would open the archives to everybody. This presented many challenges. The BBC archive is vast, consisting of over 700,000 hours of TV content, over 300,000 hours of audio and millions of items of sheet music, photos etc. The archive figured prominently in BBC policy documents, such as 'Building Public Value', 'Creative Futures' and 'Editorial Propositions'. The rationale was that the licence fee payer had funded much of the material in the archives, therefore in a sense owned it. Ms Hayes said that this did not mean that everything would suddenly be made

available, as there were rights issues involved, however this approach did signal a change in direction and thinking. Market research indicated that there was a large demand for seeing more archive material, and that there was also a willingness to pay for this access.

There had already been forays into exploring the potential of archives, with the launch of the Creative Archive, a tool which allowed audiences to download content, re-use it creatively and re-submit it under a non-commercial licence. It was proving to be an interesting mechanism for audiences to interact, allowing them to get involved and give them a sense of creating ownership. Other potential projects included the Open Archive, which involved streaming archive content online. This carried with it a range of rights issues which had yet to be resolved.

Ms Hayes explained that the BBC was engaged in a digital media initiative, which determined how to assign the right infrastructural processes and metadata capture tools to manage digital content. Unlike a physical item which can be searched for, without the right metadata around a digital item, a piece of content could be permanently lost. In terms of rights issues – there was a need for new agreements to be made for much of the archive material. She predicted that the mass digitisation of thousands of hours of content would lead to the creation of a new industry in itself, because of the time, expense and procedures that would need to be put in place to determine how this process would work.

Five

In the June Council Meeting, **Jane Lighting, Chief Executive, Five**, gave a presentation on Five's plans to launch two new channels in the autumn, and the organisation's strategy going forward.

Ms Lighting said that there had been a conscious shift in strategy when Channel 5 became Five. Chasing after a mass market of general entertainment aimed at adults was proving difficult and did not make sense in an increasingly fragmenting market. A decision was taken to target the more commercially attractive audiences – so the 16-34 age group and ABC1s became the key focus for the channel.

She explained that the strategy of developing a family of channels was critical, in order to protect Five's overall market position in a multi-channel environment. Five identified gaps on the Freeview platform, and decided to launch two general entertainment channels, Five US and Five Life. Five US aims to bring high quality US product into Five's schedule (movies, drama, comedy) aimed primarily at the male audience, while Five Life will have lighter programming - focusing on lifestyle, talk, soap, drama, comedy and

some children's programming (though Milkshake, Five's children's strand). Despite launching the new channels, the Five channel remains the core channel, with more investment in original programming and strengthening of the schedule planned.

Five's recent new media activities included the launch of a Milkshake site. In addition, an information site around Fifth Gear (a Five programme about driving) was launched in November 2005.

GATS

Since the stalling of the negotiations in Cancun in the autumn of 2003, diplomatic efforts have been focused on bringing the negotiations back on track. Audiovisual has therefore taken a back seat. During 2006 BSAC maintained a watching brief in the belief that audiovisual might well prove an issue of importance should a breakthrough occur. BSAC's UK GATS Group and the BSAC/Eurocinema hosted European GATS Film Industry Forum will be reconvened should the need arise.

UNESCO Convention on the Diversity of Cultural Expressions

The Council maintains a watching brief on the Convention due to the trade negotiations. The Convention is expected to come into effect in March 2007.

Gowers Review of Intellectual Property

In the spring of 2006, the Treasury launched a consultation on the IP framework led by Andrew Gowers. In May, BSAC held a colloquium to discuss a range of IP issues, chaired by **Mark Devereux**. Shortly afterwards BSAC submitted a detailed response to the Treasury (which can be found on the BSAC website: www.bsac.uk.com).



Mark Devereux

In response to the 'General Questions' section of the consultation document, the BSAC paper made the following key observations:

- How IP is awarded – The copyright framework in the UK is in good shape and not in need of a major overhaul. Complications are necessary due to overlapping rights. More could be done to increase awareness and education about IP
- How IP is used – Other IP rights are important but cannot replace copyright protection or vice versa. The changes made to the copyright framework in 2003 have made it fit for the digital age and are appropriate for encouraging and rewarding innovation. However, the DCMS mapping of the creative industries

- should be kept up to date and made more reliable
- How IP is licensed and exchanged – BSAC is not in favour of any regulatory change. Alternative licensing arrangements are being explored for some situations (e.g. the Creative Archive Licence) – more voluntary registration of rights might be helpful to find licensing partners
- How IP is challenged and enforced – Enforcement activity needs to be supported by an appropriate regulatory framework – some improvements are needed e.g. to bring section 107A of the Copyright Designs and Patents Act 1988 into force, make camcording in cinemas a criminal offence and remove some difficulties in proof of copyright offences. Providing attractive new business models to consumers at a fair price is part of the solution of piracy, as is better education and awareness about IP.

In response to the 'Specific Issues' section of the consultation document, the paper's comments included:

- Copyright exceptions – fair use/fair dealing – Limited exceptions to copyright provide an essential balance in the copyright framework; however, BSAC does not agree to amending exceptions to permit more private copying, as this would undermine investment in new and variably-priced business models (thus impacting negatively on consumers). BSAC is not in favour of levies to compensate for private copying – as this is causing problems for development of new business models elsewhere in the EU
- Copyright – Digital Rights Management – BSAC is not in favour of any regulatory intervention on standards and interoperability of DRMs. Solutions should be market driven
- Copyright – orphan works – The establishment of more voluntary databases of rights could ameliorate this problem. A royalty could be paid to the right holder if they were to appear after their work had been used. The Copyright Tribunal would be an appropriate body for deciding on the royalty level.

The Gowers Team subsequently requested an additional, specialised report from BSAC on the problematic issue of orphan works (i.e. cases where material is unusable because the author cannot be traced). BSAC submitted this report in August.

The Gowers Report was published in conjunction with the Pre-Budget Report in December. The Chancellor endorsed the full Gowers enforcement package to tackle piracy. The PBR stated that the Government would provide Trading Standards with an additional £5 million in 2007/08 to tackle copyright. The Government also indicated its support for the creation of an independent Strategic Advisory Board for IP policy, which would be underpinned with £500,000 coming from the Patent Office to

commission research on emerging IP trends. On the issue of orphan works, the Gowers Report recommended that the UK Government should work with Member States and the European Commission to allow an exception to copyright to permit the use of genuine orphan works. At the time of writing (January 2007), a Gowers implementation body had been established by the Patent Office, and a further consultation was due in the first half of 2007.

HDTV

At the September Council Meeting, there was a discussion on High Definition TV. **Seetha Kumar, Head of HDTV, BBC** began the session, by explaining that HDTV was increasingly becoming the default standard, both worldwide and in the UK market. Sales of HDTV sets were increasing rapidly, and prices were coming down – there was a strong consumer appetite for better viewing experiences. Ms Kumar said that BBC HD was the first free-to-air HD broadcaster in the world. A BBC HD trial service was launched at the time of the World Cup, together with a year's trial on Sky and D-Cable. Ms Kumar said that the aim of the trial was to test the end-to-end chain and gather audience feedback. HDTV pictures are 5 times richer than standard broadcasts and come with surround sound. Feedback following the HDTV broadcasts of the World Cup and Planet Earth, Wimbledon and the BBC Proms had been extremely positive. (The trial will end in June 2007.) Closed DTT trials were also being conducted in 450 homes with ITV, Channel 4 and Five.

Ms Kumar said that it was the BBC's aim to move all production to HD by 2010. There were some programmes and genres which worked particularly well with HD – those with high visual quality and sound (e.g. factual, nature, high-end drama, event drama and performance programmes). In terms of cost - although HD productions were more expensive, prices were expected to come down as more HD programming comes through. Ms Kumar concluded by confirming that the BBC believed that HD should have a life on Freeview.

Hilary Perchard, Head of Product Marketing, Sky, provided an overview of Sky's HD activities. Sky had launched a new HD set top box in May 2006, using the latest MPEG 4 compression technology and with a large hard drive. (HD uses approximately two and a half times as much space on a hard drive as standard programmes). The set top box also has extra space to allow capacity for services such as push video-on-demand in the near future, and an Ethernet port on the back of the box allowing pull VOD further down the line.

Initial consumer reactions had been positive, with 90,000 bookings in the first few months, about three times the number of bookings taken for Sky+ during its first year. Mr Perchard said that nine HD channels had been launched, and a further two channels were expected to be launched before Xmas. Sky had switched all its production of live football to HD (the reason behind the recent launch of two new HD sports channels). Sky was also trying to provide as much HD general programming as possible - Sky One and Arts World were in particular driving this strategy forward. It was hoped that the HD offerings would attract high income groups to Sky.

In terms of the HD consumer market, Mr Perchard explained that interest in HDTV was strong, and that by Xmas 2006 1 in every 10 homes in the UK were expected to own an HD-ready TV. However, although HDTV sales were increasing, this had not yet translated into HD service watching. In terms of measuring awareness of HD, it had recently been revealed that 60% of the population were aware of it – but according to US research there was a six months time lag for customers to understand that having purchased an HDTV set did not necessarily mean they were receiving HD services. A consumer education drive in this area would therefore be helpful.

Adrian Northover-Smith, Head of Product Services and Development, Sony UK, then provided a presentation on Sony's HD strategy. Mr Northover-Smith explained that although HDTVs were introduced two years ago, there had not been sufficient HD content to drive the market until the last six months. In order to showcase the quality of Sony HDTVs, Sony had partnered with Sky to ensure that customers shopping for HDTVs in consumer electronic stores could sample true HD quality.

Mr Northover-Smith said that Randy Waynick, Senior Vice President of the Home Products Division in the US had described Sony's commitment to "elevate high definition by delivery of a HD experience which is not only the display but also content, creation and editing, both from the consumer and professional point of view." From a professional point of view, this meant working with Sky and the BBC to equip their studios. It also meant enabling consumers to capture HD on Blu-Ray, to edit content via computer, and finally play it back on Sony's Bravia range of TV sets.

Mr Northover-Smith explained that there were two competing high definition DVD formats – Blu-Ray (the format supported by Sony, amongst others) and HD DVD. According to Mr Northover-Smith, Blu-Ray had the highest disc capacity. In single layer form it holds 25GB of information, and had the capacity for multiple layers to be added (unlike HD DVD) – therefore, a double disc would provide 50 GB. According to Mr Northover-Smith, a 200GB disc had recently been demonstrated. In addition, Blu-Ray has a bespoke copy protection mechanism.

Sony expected to launch a Blu-Ray disc player during the first quarter of 2007. Panasonic were expected to introduce their Blu-Ray player for about £999 in October 2006, with Samsung, Philips, LG Electronics, Sharp and Pioneer to follow in due course. Sony Playstation 3 was expected to launch in March 2007.

Innovation Consultation

In July, BSAC responded to the Patent Office consultation on strategy for supporting innovation. The paper was generally supportive of the strategy document, but expressed some concerns that it did not make enough reference to copyright protection issues, and that its focus was centred mainly on registered IP rights. The Council expressed concern over the proposal to seek simplification of the EU legislation of copyright on the basis that the framework is broadly effective and, in some cases, needs to be bed down. The paper also recommended that priority should be given to fighting against IP crime. BSAC supported the Patent Office's proposal that there was a need for better education about IP in the education system, particularly copyright - and welcomed activity to increase business understanding about IP and how to lever commercial success from creativity.

Media on the Move – Implications for the Screen Industries

At the October Council Meeting, the Council considered the implications of a new device (Slingbox) for traditional business models.

Stuart Collingwood, Vice President, Sling Media Europe described the Slingbox as a small, rectangular shaped device which, when connected to the consumer's TV receiving device (e.g. Freeview, Homechoice, Sky/Sky+ box etc), can take in the TV signal and redirect it out over the internet, via an Ethernet, or home wireless connection, to a PC or mobile phone, on which the Slingplayer software has been downloaded. Inbuilt into the technology is a restriction that only one external stream can be accessed at one time, making the Slingbox a unicast device. This means that if a person from the US tried to connect their Slingbox from the UK, another member of the US family would not be able to access the same Slingbox signal, at the same time, via the net or mobile phone. Also, if the US user was watching at the same time as the UK user, they would be viewing the same signal. If the US user changed the channel, the UK user would also experience this. Mr Collingwood said that peak network traffic for the Slingbox occurred around 1-2 pm while people are having lunch breaks.

By October, Slingbox had launched in the US, UK, Japan, Taiwan, Scandinavia and Hong Kong. Sling Media is a two year old company with about 100 employees worldwide. A second round of financing had just been completed at the time of the presentation, raising approximately US\$50 million, from John Malone's Liberty Media,

Charlie Ergen's EchoStar and Goldman Sachs's Private Equity. Sling Media sees technology as a conduit to changing business models. Mr Collingwood said that it was clear that people like having the ability to watch content whenever they want, on their own terms. Sling Media had, therefore, devised a method by which already paid-for viewing can be watched on any device.

Members discussed the implications of Slingbox technology. It was unclear whether Slingbox was creating a contractual breach on the part of distributors who had entered into territorial licences. When a distributor buys programming, there is a requirement that the licensee cannot permit use outside the territory. Slingbox, however, enables the viewer to consume content outside the territory for which the distributor had been licensed.

Christos Michaels, Solicitor, Lee and Thompson Solicitors said that it was debateable whether Slingbox viewing could constitute another broadcast or copying. The Slingbox introduces the term 'place-shifting', as opposed to 'time-shifting'. Only the latter term had been acknowledged legally in the UK. According to the private use exception, if relevant, for recording and private viewing there were no provisions restricting activities to the same physical place. Mr Michaels also pointed out that when Sky sells a box to a consumer, the contract states that the consumer can use the device at home in the territory. By sending the feed somewhere else, it might also be the case that the consumer could be breaching that contract. These were issues which would need to be clarified going forward.

Ofcom Review of TV production

At the February Council Meeting, **Jim Egan, Director of Strategic Development, Ofcom**, gave a presentation on the Ofcom Review of TV Production.

Mr Egan said that, as a result of the ITC's Programme Supply Review in 2002, the 2003 Communications Act had recommended that codes of practice should be drawn up to structure and guide the way that terms of trade between external, independent producers and public service broadcasters were conducted.

According to Mr Egan, regulatory intervention was necessary for a number of reasons, including: the four public service broadcasters accounting for 90% of all programmes commissioned in the UK; two out of four of these being integrated producer-broadcasters; and overwhelming London-centric focus on programme commissioning. In order to avoid disproportionate geographical concentration of production, quotas had been applied requiring programmes to be made outside of the M25 region. Vertical integration had been addressed through quotas requiring at least 25% of programmes

to be made by qualifying independent producers. The codes of practice were the newest regulatory instruments, seeking to address the issue of negotiating strength and levelling the playing field between independent producers and broadcasters.

Mr Egan said that the broadcasting production market was characterised by four large PSBs, more than 800 suppliers, and a set of new entrants (internet service providers, mobile phone operators etc). To understand this changing environment, Ofcom and Pact had jointly conducted a statistical survey of market activity. According to the survey results, production was a growing market, with more than £2.5 billion of original programming commissioned and made in the UK. Channel 4 and Five were the two biggest buyers of programme in terms of hours. The channels outside the PSBs commissioned nearly £120 million of original programming per year.

Out of the £2.6 billion total UK production spend, about £1.5 billion was spent in London, and the remaining was spent in the regions. Without the quotas, it was possible that this spending on regional production could decrease – therefore it was decided that the quotas should remain in place. The consultation document also suggested that it would be a reasonable objective for the BBC to commission half its programmes from outside London (in the same way that ITV does). Ofcom had also proposed that the 25% independent quota should be left as it is. The BBC's proposed Window of Creative Competition (WOCC), a commissioning structure which potentially works towards ensuring a level playing field, was also welcomed by Ofcom.

In terms of addressing new media rights, Ofcom had proposed an idea which was referred to as "when not where" i.e. moving from application or distribution-based windows, to time-based windows. This meant that there would be a period in which a broadcaster would be able to use/distribute the programme for a number of days, and a subsequent period during which the broadcaster may enjoy a period of exclusivity through what is known as 'holdback'; whereafter, the rights would revert back to the original producer, enabling them to strike deals with new entrants and other third parties as they so choose. Ofcom had proposed that the industry should separately negotiate the terms of trade for new media rights and report on progress later in the year.

For the outcome of the industry negotiations on new media rights, please see the 'TV Production Review Settlements' section on page 34.

Platforms to Deliver Next Generation Services

In July, BSAC and the Broadband Stakeholders' Group jointly held a colloquium, chaired by **David Elstein**, in order to provide content and service provider sector input into DTI's Review on next generation access.

The main conclusion of the colloquium was that the audiovisual industry did not believe that Government intervention was necessary. It was felt that the market needs to be left to innovate and experiment with various different kinds of business models, e.g. micropayments, advertising inserted inside online content, different subscription models. Other observations were that the industry needs to have regard to unacknowledged and unmet consumer needs (which it might identify by observing piracy activity), and that although user generated content was interesting, there was no obvious pot of gold yet.

Spectrum Management

At the April Council Meeting, **Professor Martin Cave, Director of the Centre for Management Under Regulation, University of Warwick Business School**, provided an overview of spectrum issues in the UK.

Professor Cave explained that, historically, spectrum had been allocated by fiat. Until 2003, the Radio Communications Agency (part of the DTI) would issue licences, whereby individual users would receive an assignment of spectrum which they had to put to use for specific purposes. Thus spectrum could not be swapped or used for other purposes – this was last vestige of a “command and control” type regime.

The alternative paradigm for spectrum management is one whereby the command and control method is abandoned in favour of a market method. Professor Cave said that the key benefit of a market driven strategy, is that it makes the spectrum flexible, and would entail, at the point of auction, it being allowed to be used for any purpose – while simultaneously allowing for a secondary market to develop in which licensees would be able to pass on their spectrum (either on the basis that the new owner acquired all the rights, or simply on a leasing basis). One of the proposals that the Government had recently accepted in relation to public sector spectrum was that the public sector bodies should be able to lease their spectrum on a temporary or interruptible basis - or sell it for private sector uses.

Professor Cave said that spectrum had become an important issue due to scarcity issues. He explained that during the 50s there was no real scarcity – but that there were now a range of new technologies jostling for spectrum (although there were unlikely to be severe shortages until about 2015, the point at which mobile data services are expected to take off). By about 2020-2025 very severe spectrum shortages are expected.

Professor Cave explained that UK spectrum policy is radical. The UK had adopted a policy of translating spectrum which was 95% “command and control” into spectrum which, by 2010, will be 80% tradable. Ofcom is planning to have a huge series of

spectrum awards over the next three years of high grade spectrum, including the 3G expansion bands.

In terms of the spectrum charges issue, Professor Cave said that, in his opinion, all spectrum should be charged, because allowing exceptions would create complications. Digital multiplexes had been licensed on the basis that there will not be any spectrum charges until around 2012-14. There were discussions as to how spectrum could be made more productive by switching to different transmission techniques or different MPEG systems.

Professor Cave explained that there was likely to be disagreement over how the analogue spectrum should be used after switchover. There would be those who would feel it should be used for broadcasting purposes, and those who feel it should be auctioned freely for any use. (However, this relates to fixed, rather than mobile, broadcasting because the latter has a range of different frequencies available for it, including the switch-off spectrum, the LBand and DAB). There is also the mode of digital broadcasting using 3G, which is a costly technology as it operates on a one-to-one basis, rather than one to many.

In terms of packaging spectrum for auction – if the analogue switch off spectrum was auctioned, Professor Cave said that the auctioneer would face the problem as to how to package the spectrum. This is an issue which Ofcom will have to address because it may also be possible to skew the auction by proposing to sell spectrum in particular configurations.

Professor Cave also drew attention to the issue of satellite down links. In order to permit people to receive satellite TV, frequencies need to be cleared which could otherwise be used for other purposes, particularly fixed links. Broadcasters based overseas cannot be charged for a licence. In 2002, Professor Cave had proposed the creation of a quasi-licence property right called Recognised Spectrum Access - however, little progress had been made with this initiative.

TV Piracy

BSAC continued attending TV Against Piracy (TAP) Working Group meetings, chaired by **John Enser, Partner, Olswang**, throughout 2006. The Group’s discussions are confidential at this stage.



John Enser

TV Production Review Settlements

At the September Council meeting, there was a discussion about the TV Production Review Settlements (i.e. the result of the negotiations between broadcasters and PACT on new media rights, instigated by Ofcom's Review of the TV Production Sector, earlier in the year).

John McVay, Chief Executive, PACT, said that a deal framework had been structured which gave commercial broadcasters a legitimate commercial exploitation window for programming around a transmission, but which also created a number of market mechanisms to ensure there were commercial negotiations for continued use of such content. He said that the framework which had been drafted would be available for review later in the year.

Mr McVay explained that creating flexibility in the market had been a main aim throughout the negotiations, enabling new market entrants to acquire rights as well. PACT approached commercial broadcasters with a view to developing the production market – and with a view to allowing them to secure income which would ultimately mean investment in indie content. However, care was taken to ensure the door was not closed to new aggregators and new platforms entering the market. For producers, the primary objective was investment in content, alongside many shop windows for exploiting that content later. On the commercial broadcasting side, it was agreed that PACT would review how business has progressed 12 months from the launch of the service in order to understand how revenues and business models have been developing. Two years from launch a thorough review of the arrangement will take place, in order to respond to market conditions, because it is unclear at this stage how the market may develop.

Mr McVay said that the broadcasters had approached on-demand strategies in very different ways. BBC was aiming to make their on-demand services universally accessible, with most content being made available; Channel 4 had a similar approach; ITV had yet to announce what their on-demand service would be; and Five had advised that their service would be a selected service, i.e. not all content would be available on the service. There would also be a range of models on offer - e.g. subscription, pay as you go etc. The rationale behind the two-year review was because of the uncertainty at this stage as to how VOD services would develop.

Alex Graham, Chairman, PACT, added that the negotiations had been more difficult than those around the original codes of practice in terms of trade (in which negotiations took place within a rather clear, consensual framework that had been laid down in the

voluntary codes of practice). On the contrary, these negotiations took place around a moving target.

Nevertheless, Ofcom had been very clear in its original guidance that they expected the new agreements to continue and carry forward the principle that IP rights remained with the producer. From PACT's point of view, it was important to see this principle enshrined in the new media deals. It was clear to PACT and evident from the magazine Broadcast's recent distribution survey that, despite fears demonstrated at the time, the new terms of trade had been a substantial fillip to the distribution market. PACT's chief concern was to strike a balance between the concerns of the traditional broadcasters, in terms of their ability to operate in a new media environment (whilst they remain PACT's biggest customers for the foreseeable future) – while at the same time avoiding creating an environment that restricted entrance into the market, hampering innovative content packaging and distribution.

There was a focus on trying to avoid dictating business models to broadcasters. The aim was to structure an agreement which allowed broadcasters flexibility to experiment with as many business models as possible. This had been a problem for the commercial broadcasters in particular, as they had not been prepared to contemplate the possibility of, for example, producers sharing in advertising revenue. If the commercial broadcaster did end up in a situation where a significant amount of their revenue came from a free VOD service funded by advertising, big questions remained as to how independent producers would share in that revenue. He explained that a fairly crude mechanism had been created, allowing producers to share in the short term in this initial two year period. However, it would seem that when the time for review arose in two years, there would be the need for more serious negotiations as to exactly how independent producers would be allowed to share from the upside of any on-demand revenue. Mr Graham said it was inevitable that there would be some form of pay-per collect or rental mechanism. However, within a couple of years, after having been able to observe consumer behaviour and business models developments, there would be more clarity.

Anne Bulford, Group Finance Director, Channel 4, commented that during the negotiations, Channel 4's objectives had been twofold. Firstly, to achieve a sufficient period around the point of transmission to enable the channel to reach out to audiences when and wherever they wanted to see Channel 4 content - and to ensure there would be appropriate commercial exploitation of the new revenues. Secondly, to acquire a reasonable term for Channel 4 to recoup the value subsisting, having funded and supported programmes through to the point of delivery. There was no doubt that some of these points were in conflict with the independent producers, whose objective was to exploit secondary rights with the highest bidder. But through the course of the PACT

negotiations, there was evidently a mutual interest in making sure the primary value which supported the first commission was maintained - and that the Channel 4 business model was not eroded by moving to two transmissions on the core channel (with advertising income) and everything beyond that left to the free market. Ms Bulford said that the 30 day post transmission period allowing content to be exploited on new platforms as agreed with PACT presented a good way in which to work over the next couple of years. The subsequent commercial window provided Channel 4 with a window within which they could negotiate for rights for an exclusive or non-exclusive period.

On the matter of advertising revenue, Channel 4 was of the opinion that advertising in this new space over the medium to long term would be a substitute for traditional revenues. However, Channel 4 was quite clear it was not going to turn existing business models completely on its head for something that is emerging and unknown. Ms Bulford said that what had been devised by PACT represented a very pragmatic way of sharing revenues and going forward.

James Lancaster, Head of Rights and Business Affairs, BBC, said that the negotiations between PACT and the BBC had been, in many respects, more straightforward than those between PACT and the commercial broadcasters. The BBC had had a very clear view for some time that in an on-demand world the licence fee payer would expect to have access to BBC programmes. This rationale lay at the heart of the negotiations with PACT. In the original terms of trade, a 7 day catch up window had already been built in, to enable licence fee funded on-demand services to operate. The recent negotiations with PACT had focused essentially on developing the 7 day window in a couple of important respects 1) to allow people the opportunity of catching up on series, and 2) to allow people to download programmes within 7 days but catch up on them later if they so wished.

Mr Lancaster said that because there was already some clarity in terms of what the BBC wanted to achieve, there was a firm basis from which to start the discussion. However, this did not mean the whole process was easy – PACT did, in fact, have strong views on what it wanted to achieve. However, a deal was struck because the BBC was flexible in what it was able to give in return. For example, allowing independents to commercially exploit their programmes in the UK faster (in terms of VOD download to own and linear markets), coupled with the opportunity for them to be able to profit from a greater share of the derived commercial revenues.

Wipo Broadcasting Treaty

In the November Council Meeting, there was a session on the WIPO Broadcasting Treaty. **Judith Sullivan** explained that it was important for broadcasting organisations to be aware of the international framework for protecting their rights. The draft Treaty no longer covered protection for webcast broadcasts. This was decided before General Assembly by the Standing Committee on Copyright and Related Rights. The Treaty proposal on the table had had the elements relating to the protection of webcasts removed, as the decision has been made to pursue this on a parallel track.

Ms Sullivan said that the UK already had a high level of protection for broadcasting organisations, and even if the proposals for the highest level of protection were adopted, it would not affect the UK position. However, there were other items in the Treaty (such as exceptions, protection of cultural diversity etc.,) which, if brought into effect, could in some formulation, be problematic. However, if this was to be the case, it would be unlikely that the EU would agree to such a treaty.

A press notice published by the General Assembly announced that there would be a diplomatic conference in November 2007. It was also stated that the Treaty needed to be more of a "signal-based" treaty, protecting signals rather than giving more extensive rights to broadcasters. The EU and US understand the reference to a signal-based approach to mean protection to the point of fixation of a broadcast, (the EU has previously supported going beyond this). This may mean that there would be no post fixation rights on a signal-based approach. However, some countries are arguing that the signal ceases to be a signal as soon as it is received by members of the public. Thus if you only protect the signal, you would not be giving any protection to new, simultaneous re-broadcasting of that signal and, as such, it is not clear what useful protection is being given at all.

Ms Sullivan said that exceptions and limitations were another area of sensitivity - and Chile (supported by others) was behind a broadly-worded provision on exceptions to rights (one which may be too broad to be acceptable, particularly in the case of live broadcasts). She said it was difficult to assess the prospects of a diplomatic conference until after the next meeting of the Standing Committee in January. If the Standing Committee failed to achieve any further agreement, a diplomatic conference will be unlikely (the EU and US are not likely to consent to one) and there would be little chance of success, or a Treaty that would deliver anything useful.

EVENTS DURING 2006

The BSAC Film Conference 2006

A Brave New World: Emerging Platforms and Formats



John Howkins



Duncan Kenworthy



Josh Berger

BSAC held its third annual film conference entitled “A Brave New World: Emerging Platforms and Formats.” The conference explored the technological and commercial changes taking place within the industry, and the ways in which they are challenging traditional film business models and stimulating the development of new models. The seminar provided film executives with an opportunity to debate how the businesses of production, distribution and exhibition may evolve over the next few years. The Opening Address was provided by **Duncan Kenworthy, Film Producer, Toledo Productions**, and the Chair of the conference was **John Howkins, Deputy Chairman, BSAC and Director of HandMade Films**.

Other highlights included a keynote from **Josh Berger, Executive Vice President and MD, Warner Bros. Entertainment UK**, who described how Warner Bros is preparing for digital change - and from **Chris Yapp, Head of Public Sector Innovation, Microsoft**, who spoke about disruptive technologies and the film industry. Other morning sessions included: a session on IPTV and VOD (panellists were Andrew Burke, BT Entertainment; Salman Momen, Capgemini; Brian Sullivan, BSKyB; and Jonathan Sykes, Video Networks); a presentation on filmed entertainment and mobiles by Anil Malhotra, Bango.net; and a panel discussion on online piracy chaired by Andrew Yeates (panellists were Lavinia Carey, Alliance against IP Theft; Thomas Dillon, MPA; and Billy Watson, UK Film Council).

The afternoon sessions included a discussion on the impact of new technologies on the film business (panellists were Nick Fitzpatrick, DLA Piper Rudnick Gray Cary; Mick Southworth, The Works; and Luc Tomasino, SDI Media). For the final panel session of the day, there was a discussion on how film businesses should adapt to new technologies, chaired by John Howkins – with Josh Berger, Warner Bros; Michael Kuhn, Qwerty Films; Tim Richards, Vue Entertainment; and John Woodward, UK Film Council.

BSAC was grateful to Time Warner for sponsoring the event. (The report of this event is available on the BSAC website at www.bsac.uk.com).

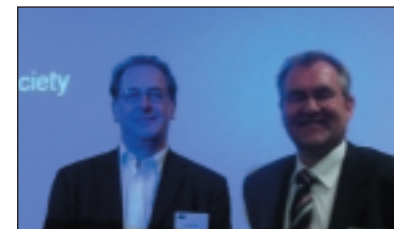
BSAC Interview Series

Niklas Zennström

The BSAC Interview series continued on Tuesday 21 March 2006, when Niklas Zennström, CEO and Co-Founder, Skype, was interviewed by David Elstein, Chairman of BSAC. Mr Zennström spoke candidly about his experience establishing KaZaA (the file-sharing music website), the recent sale of Skype to Ebay, and his views on the future of communications services.

Fred Boekhorst

On 19 September 2006, Fred Boekhorst, Senior Vice President, Philips Research, was interviewed by David Elstein, Chairman of BSAC. Mr Boekhorst spoke about future media technologies; and HomeLab, a “Big Brother”-style house where consumers interact with new technologies, observed by Philips researchers.



Fred Boekhorst

(A detailed note of this Interview is available on the events section of the BSAC website at www.bsac.uk.com).

The BSAC Interview Series is generously sponsored by ABN AMRO.

OFFICERS AND STAFF

London Games Summit

On 5 October 2006, BSAC produced a session for the London Games Summit, "The Games Industry: Competing for Audiences and Wallet Share". The Summit was organised by the European Leisure Software Publishers Association (ELSPA) and Tiga and was held at BAFTA. A panel discussion was preceded by a presentation by Ian Douthwaite, Managing Director, Dubit Research, presenting data regarding the division of leisure time and disposable income in the various age groups from 10 – 39 and across both genders. The panel was chaired by **Adam Singer, Vice Chair, Ofcom Content Board**, with Anthony Carbonari, Director of Interactive and Commercial Media, BT; Chris Deering, Chairman, Codemasters; and Adrian Pilkington, Director of Enhanced TV & Games, Sky also taking part in the panel discussion.



Adam Singer

(Information from this event is available in the events section of the BSAC website at www.bsac.uk.com).

Honorary President

Lord Attenborough of
Richmond-upon-Thames

Chairman

David Elstein

Honorary Deputy Chairman

Michael Flint

Deputy Chairmen

Michael Deeley, Mark Devereux, John Howkins, Marc Samuelson

Working Group Chairs

Audiovisual Media Services Working Group

BSAC/PACT Industry Working Group on Fiscal Policy for Film

Copyright Working Group

European GATS Film Industry Forum

Executive Committee

Gowers Review of IP Working Group & Colloquium

On-Demand Rights Working Group

Roger Laughton

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Helen Baehr, Ben Keen, Judith Sullivan

Accountant

Doug Abbott MA FCA



Amy Seely



Thomas Reeve



Jemma Gilmour

Council Administration and Membership

How BSAC operates

BSAC holds eight Council meetings a year and requires a quorum of fifteen Members. Agendas for the meetings are varied according to the issues facing the industry. Members unable to attend a specific Council meeting may nominate a substitute who must be approved by the Director. However, Members are still required to personally attend a minimum of two Council meetings a year.

The bulk of BSAC's work is handled by Working Groups set up on an ad hoc basis to deal with issues. BSAC also has a valuable network of co-opted Members, particularly Associate Members, who are invited to serve on Working Groups where a particular field of expertise not represented on the Council is needed. Reports from Working Groups are given to Council regularly and, on such occasions, the full Council's endorsement is sought. Wherever possible the Council seeks support from all Members on policy issues. On rare occasions where proposals are not fully supported, the Council seeks to illustrate, where possible, the degree of support and, in general terms, who supported and who are the dissenters with their reasons.

In addition to the Chairman, the Council is served by four Deputy Chairmen.

Executive Committee

The Executive Committee meets three times a year and reports of meetings are circulated to all Council Members. Executive Committee comprises five officers, the Director and five Members, who are elected by Members annually to act on behalf of Council between Council Meetings. A quorum of four Members is required. In addition to audiovisual policy, the Executive Committee also considers BSAC's internal affairs, in particular finance and membership, and makes recommendations on such matters to the Council.

BSAC's Links with Government

BSAC maintains strong links with Government. Observers from the Department for Culture, Media and Sport and the Department of Trade and Industry are regularly invited to attend Council meetings and events. The Chairman of the Culture, Media and Sport Select Committee and the Deputy Director of Creative Industries are invited to attend as permanent observers. BSAC also invites representatives from the Treasury, other Government departments and Ofcom to attend meetings on an observer basis, where appropriate. BSAC holds frequent meetings with EU officials and MEPs. BSAC is non-party political.

Associate Membership

Associate Membership provides an effective mechanism whereby companies and institutions can formalise a relationship with BSAC through attending events and receiving information. Unlike Membership, Associate Membership is available on a corporate, not individual, basis. Many representatives of Associate Member companies assist BSAC's work by serving on Working Groups or undertaking research on a pro-bono basis. The Council is appreciative of this support.

COUNCIL MEMBERS

Members

Membership information given below relates to December 2006.

Honorary President

Lord Attenborough of Richmond upon Thames

Chairman

David Elstein

Honorary Deputy Chairman

Michael Flint

Deputy Chairman

Michael Deeley

Producer

Mark Devereux

Senior Partner, Olswang

John Howkins

Director, ITR & Co

Marc Samuelson

Managing Director, Samuelson Productions

Members

Sophie Balhetchet

Producer, Cougar Films

Josh Berger

President & Managing Director, Warner

Bros. Entertainment UK

Anne Bulford

Group Finance Director, Channel 4

Dinah Caine OBE

Chief Executive, Skillset

Lavinia Carey OBE

Director General, British Video Association

Ajay Chowdhury

General Partner, Acacia Capital Partners

Larry Chrisfield

Independent Consultant

Eddie Cunningham

President of International Entertainment, Universal Pictures Video UK

Carolyn Dailey

Vice President & Senior Strategic Advisor,

Public Policy, Time Warner

Gaynor Davenport

Chief Executive, UK Post

Jonathan Davis

Consultant

Ivan Dunleavy

Chief Executive, Pinewood Shepperton

Lady Falkender

Life Peer and Company Director

Sarah Faulder

Director, Public Affairs, MCPS-PRS Alliance

Ray Gallagher

Independent Consultant

Simon Guild

Chief Operating Officer,

MTV Networks Europe

John Hardie

Executive Vice President/Managing Director,

Walt Disney Television

Fred Hasson

Managing Director, Tiga

Ken Hay

Chief Executive, Scottish Screen

Paul Higginson

Vice President, Finance and Business Affairs,

Twentieth Century Fox

Premila Hoon OBE

Head of Media, Société Générale

David Jeffers

Managing Director,

The Moving Picture Company

Iona Jones

Chief Executive, S4C

Brian Kelly

President, Technicolor Network Services

Mike Kelt

Managing Director & SFX Supervisor,

Artem Visual Effects

Roger Laughton

Independent Consultant

Martin Le Jeune

Head of Public Affairs, Sky

David Levy

Controller, Public Policy, BBC

Anthony Lilley

Managing Director,

Magic Lantern Productions

Roger Lynch

Chief Executive Officer and Chairman,

Video Networks Ltd

Xavier Marchand

Managing Director, Momentum Pictures

Dan Marks

Chief Executive, TV Services, BT Vision

Cameron McCracken

Deputy Managing Director, Pathé Pictures

John McVay

Chief Executive, PACT

Amanda Nevill

Director, British Film Institute

Jonathan Olsberg

Chairman, Olsberg-SPI Limited & Dakota

Films Limited

Simon Olswang

Ex-Chairman, Olswang

Michael O'Sullivan

Senior Vice President,

International, Paramount Pictures

Julia Palau

Producer, Tusk Productions

Andy Paterson

Company Director, Archer Street Limited

Robin Paxton

Managing Director,

Discovery Networks Europe

Christine Payne

General Secretary, British Equity

Simon Perry, CBE

Independent Consultant

Simon Persoff

Director, Regulatory Affairs,

Orange Home UK Plc

Frank Pierce

President, Film Distributors' Association Ltd

Nik Powell

Independent Producer

Sue Robertson

Corporate Affairs Director, Five

Jonathan Simon

Senior Manager, Corporate Relations,

Channel 4

Adam Singer

Consultant, Cordelia Consultancy

Paul Styles OBE

Director, KPMG LLP

Christy Swords

Managing Director, ITV London

Nick Toon

Head of Corporate Relations, Channel 4

Jane Tranter	Controller, BBC Fiction, BBC Vision
Malcolm Wall	Chief Executive Officer, Content, Virgin Media Inc
Petra Wikstrom	Executive Director, Satellite & Cable Broadcasters' Group
John Wilkinson	Chief Executive, Cinema Exhibitors' Association
Prof. Colin Young	Black Sheep Films/Consultant, Ateliers du Cinéma Européen

Permanent Observers

Phil Clapp	Deputy Director, Creative Industries, DCMS
Nick Fitzpatrick	Chair, BSAC Copyright Working Group
John Whittingdale OBE MP	Chair, DCMS Select Committee

Associate Membership

Associate Membership applies on a corporate, not individual, basis. Associate Membership information given below relates to December 2006.

ABN AMRO
Baker Street Media Finance
Baker Tilly
Bank Leumi
Cap Gemini UK Plc
Centrespur Corporate Services Ltd
Davenport Lyons
DLA Piper Rudnick Gray Cary
Future Film
Grant Thornton
Great British Films
Ingenious
Invicta Capital Ltd
Ivan Sopher & Co.
MRI Moores Rowland
PricewaterhouseCoopers
Reed Smith Richards Butler
Royal Bank of Scotland
S J Berwin LLP
Taylor Wessing
Tenon Group Plc

The Council's funds are provided by companies, organisations and individuals within the industry. BSAC operates a subscription scheme directly related to membership of the Council. Invitations to membership are made to selected individuals rather than the organisations they represent. Members without an organisation behind them also pay a modest subscription.



Michael Deeley

BSAC would like to thank the following, which have provided support in 2006 either through subscription membership, associate membership, sponsorship or sponsorship in kind, such as use of premises or materials.

Acacia Capital Partners
Archer Street Ltd
Ateliers du Cinéma Européen
ABN AMRO
Artem Visual Effects
Baker Tilly
Baker Street Media Finance
Bank Leumi
Blockbuster UK
British Broadcasting Corporation (BBC)
Broadcasting Entertainment Cinematograph and Theatre Union (BECTU)
BSkyB
British Equity
British Film Institute (BFI)
British Telecom (BT)
British Video Association (BVA)
Cap Gemini UK Plc
Carlton Screen Advertising
Cinema Exhibitors' Association (CEA)
Centrespur Corporate Services
Channel Five Broadcasting (Five)
Channel Four Television
Cougar Films
Davenport Lyons
DLA Piper UK LLP
Discovery Networks Europe
Film Distributors' Association (FDA)

Future Film Group
Grant Thornton
Great British Films
Ingenious
Invicta Capital Ltd
ITV
KPMG LLP
Lord Wilson's Trust
Magic Lantern Productions
MCPS-PRS Alliance
Momentum Pictures
Moving Picture Company
MTV Networks Europe
Olsberg-SPI Limited & Dakota Films
Olswang
Orange UK Plc
Producers Alliance for Cinema and Television (PACT)
Paramount Pictures (UK) Ltd
Pathé Pictures
Pinewood Shepperton
PricewaterhouseCoopers
Reed Smith Richards Butler
Royal Bank of Scotland
Samuelson Productions
Satellite and Cable Broadcasters' Group
S4C
Scottish Screen
S J Berwin & Co
Skillset
Société Générale
Taylor Wessing
Technicolor Network Services
Tenon Group
Tiga
Time Warner
Tusk Productions
Twentieth Century Fox
UK Post
Universal Pictures Video UK

Video Networks Ltd
Virgin Media Inc
Walt Disney television
Warner Bros

In 1997 BSAC established a sister company, BSAC Events Ltd, through which all events are run. BSAC is a non-profit-making organisation and operates with limited resources. BSAC endeavours to keep costs for all events as low as possible through sponsorship.

DOCUMENTS PUBLISHED IN 2006

1. Press Release – New Deputy Chair for BSAC – February 2006
2. BSAC Film Conference: A Brave New World: Emerging Platforms and Formats – March 2006
3. Interview with Niklas Zennström – March 2006
4. Press Release – BSAC welcomes film tax reforms – March 2006
5. BSAC Comments on the Finance (No.2) Bill – April 2006
6. BSAC Response to the EC consultation on Copyright Levies – June 2006
7. BSAC Response to the Patent Office consultation on supporting innovation – July 2006
8. BSAC Paper on Copyright and Orphan Works – August 2006
9. BSAC Interview with Fred Boekhorst – September 2006.
10. BSAC Submission to the DCMS on the Draft Audiovisual Media Services Directive – October 2006
11. BSAC Response to the EC Consultation on Content Online – October 2006
12. BSAC Briefing Paper: Broadband delivery of Film and TV Content over the Open Internet – October 2006
13. Summary of the BSAC-produced session at the London Games Summit, 'The Games Industry: Competing for Audiences and Wallet Share'
14. BSAC Briefing Paper on Archives – November 2006
15. A Legal Map to Protecting and Exploiting Audio-Visual Works in Digital Media – November 2006
16. BSAC Briefing Paper on the Draft WIPO Treaty On the Protection of Broadcasting Organisations – December 2006
17. Press Release – BSAC welcomes new IP measures – December 2006
18. Press Release – BSAC welcomes tax relief arrangements – December 2006



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