
Protecting digital terrestrial television viewers who access internet-protocol TV content

Department for Culture, Media and Sport

RPC rating: **validated**

Description of proposal

The proposal will amend primary legislation to give Ofcom the power to regulate any material streamed through the internet and accessed via digital television. Digital TV broadcasters, such as those found on Freeview or Freesat, are able to create 'portals' where viewers may watch content broadcast by a third party via the internet and displayed on digital TV via the portal. Currently, all the content shown through a portal has been broadcast from within Europe and is subject to regulation. 'Portal' providers in the UK have stated that they wish to expand their business model, to contract broadcasters to display content from outside of Europe on their portal. The proposal will allow Ofcom to instruct the portal provider to cease the broadcast of any harmful material (e.g. pornographic or extremist), just as it would be able to instruct a TV broadcaster.

Impacts of proposal

There are currently two portal providers in the UK. The Department's assessment is that, currently, as all the internet broadcasters in contracts with the portal providers meet European regulatory standards; there will be no change in current practice resulting from the proposal. It is expected that there will be no additional burden on business, unless harmful material is shown by an internet broadcaster. In the event that harmful material is shown, the portal provider may have to remove the material, leading to a loss in revenue. Broadcasting such material would, however, breach existing regulatory requirements.

The IA also explains that the market for portal services on digital TV is likely to grow in the future. The Department states that it is unable to monetise the effect on new market entrants, as this is extremely difficult to predict. This appears to be proportionate as any quantification of the impact on new market entrants would be purely speculative and would only directly affect those businesses found broadcasting harmful material.

The RPC verifies the estimated equivalent annual net cost to business (EANCB) of zero. This will be a qualifying regulatory provision that will score under the business impact target.

Quality of submission

The IA refers to IPTV content (as does this opinion, in order to maintain comparability), it appears, however, that this term relates to a wider scope than the scope of the proposal. For example, IPTV may often include services such as BT Vision, where digital TV channels are provided to households via the internet. With such services, the content does not originate from the internet and is identical to what is offered by digital TV broadcasters via satellite and other more traditional methods. The IA would benefit from using explicit terminology, which is used in line with other published documents in the industry.

The IA explains the difficulty in monetising the potential impacts and why, in any case, they are likely to be very low. This difficulty is mainly due to the department not being able to estimate the baseline 'do nothing' option. The Department explains that this is because the market for internet portals on digital TV is a new market; it is not, therefore, clear how supply and demand might develop. However, the IA would have benefitted from providing an insight into the revenue stream of portal providers per internet broadcaster.

Departmental assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net cost to business (EANCB)	Zero
Business net present value	Zero
Societal net present value	Zero

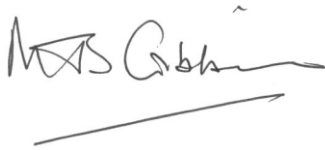
RPC assessment

Classification	Qualifying regulatory provision (IN)
EANCB – RPC validated ¹	Zero

¹ For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.

Opinion: EANCB validation IA
Origin: domestic
RPC reference number: RPC-DCMS-3365(1)
Date of implementation: not provided

Business Impact Target (BIT) Score ¹	Zero
Small and micro business assessment	Not required (fast track low-cost regulation)



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