1. This is a submission authored by Andrew Allison, Head of Campaigns at the Freedom Association on behalf of The Freedom Association. We are a non-partisan, pressure group dedicated to fighting for individual liberty and freedom of expression. Our website address is: www.tfa.net. The Freedom Association’s ‘Axe the TV Tax’ campaign believes that there is a positive case to be made for the abolition of the television licence fee and for the BBC to be funded by voluntary subscription. The website address of the ‘Axe the TV Tax’ campaign is: www.axethetvtax.net.

2. We broadly think there are three main reasons why the licence fee should be abolished. They are:

- It is outdated and is not fit for the modern age.
- It is unfair and hits the poorest the hardest.
- It disadvantages the BBC.

**The licence fee is outdated and not for the modern age**

3. The last time the Government looked at renewing the BBC’s Royal Charter was in 2005. In those intervening ten years, so much has changed in the broadcasting and media world. At the beginning of 2005, Facebook hadn’t been launched in the UK, and YouTube was unheard of. It didn’t have its worldwide launch until February of that year. Twitter hadn’t been invented. All three of those social media platforms have become part of the everyday lives of many millions of people in the UK - and indeed across the world.

4. Services such as iPlayer, ITV Player, 4 on Demand, and Demand 5 were not available either. In May 2015, there were 242 million TV requests for BBC iPlayer, up ten per cent on May 2014. If we go back to May 2009, the figure was just 55 million. More and more of us are watching television when we want to, and are doing it on a variety of devices, such as mobile phones, tablets, laptop and desktop computers.

5. Ownership of smartphones and tablets continue to grow and research by Ofcom shows how the trend highlighted above is only going to continue. In its ‘Customer Experience of 2014’, published in January 2015, some of the key findings by Ofcom were:

- Take-up of smartphones continued to rise over the past year from 56% to 63% in Q2 2014.
Take-up of tablet computers continued to increase over the past year, from 29% to 46% in Q2 2014.

Between Q1 2013 and Q1 2014 take-up of non-corporate superfast broadband connections increased; from 17.5% to 26.7%.

6. Services such as Netflix and Amazon Prime are starting to grow, albeit slowly, and these companies are not interested in audience numbers either – they are interested in the number of subscribers. If what they offer is of a poor quality, people will vote with their direct debits. Amazon performed a broadcasting coup by getting Jeremy Clarkson, James May and Richard Hammond to agree to make three series of a new motoring show for Amazon Prime. The three said that “they’ll give us the freedom to make the programme we want... there’s a budget to produce programmes of the quality we want and this is the future”.

7. It certainly is the future, and it’s a future the BBC is trying to run away from. As more of us buy Smart TVs, more of us are going to buy subscriptions to Netflix, Amazon, and whoever else is going to enter the market. With a Smart TV, it’s as easy to watch something online, as it is to watch terrestrial or satellite TV. New generations won’t even notice the difference. It will rapidly become the norm.

8. Viewers no longer see the current BBC model of “everyone paying something into the pot so that there’s something for everyone” as the future of broadcasting. They are increasingly looking for viewing packages that caters for specific needs. An example I would like to use is ‘Now TV’. BSkyB has traditionally offered its customers a choice of bundles when they subscribe to its satellite service. Prices for those bundles currently range from £20 - £70.75 a month. For those who don’t want the commitment of a contract and a regular monthly direct debit payment, ‘Now TV’ offers an alternative. An ‘Entertainment Month Pass’ is available for £6.99 a month and offers subscribers over 250 Box Sets and 13 pay TV channels not on Freeview. If you like sport, but don’t want all the entertainment channels, and also don’t want the commitment of a contract, you can subscribe to ‘Now TV Sports’ for either £6.99 a day, £10.99 a week, or £31.99 a month. The choice is yours. You can access ‘Now TV’ on a desktop or laptop computer, on a tablet or smartphone, or using a Smart TV. This means that, for example, those who work away from home and spend a large amount of their time in hotels, can always access their favourite programmes, as long as they have a reliable broadband connection - which is rapidly becoming more reliable in hotels on an almost daily basis.

9. Paying a licence fee to own a television or to watch live TV, irrespective of whether or not you watch output from the BBC, is an outdated model that is not fit for the age we live in.

The licence fee hits the poorest the hardest
10. Whether or not you watch output from the BBC is irrelevant. You must pay a licence fee for owning a TV which receives broadcast television, or if you watch live television online. It is essentially a poll tax. Also, it isn’t related to how much you earn, as is the case with virtually every other public service.

11. A report on the BBC’s news web site from 22 August 2013 stated that in 2012 more than one in ten criminal prosecutions were for non-payment of the licence fee. A total of 181,880 people were summoned to appear at magistrates’ courts in England for the offence that year and the BBC was criticised for clogging up the courts. Some may be not paying the licence fee because they are fundamentally opposed to it, however there will be many who struggle to pay the licence and are facing fines and possible imprisonment, even though they may never watch or listen to any of the BBC’s output.

12. Although some of the excuses for not paying, such as “apparently my dog, which is a corgi, was related to one of the Queen’s dogs so I didn’t think I needed a licence” are amusing, the sheer number of prosecutions is alarming. If you can afford a television, you can afford a licence, is the mantra from the authorities. The BBC is not interested in anyone’s ability to pay. As a result, the licence fee is cruel, since it is a highly regressive tax, with the very poorest being forced to pay exactly the same fee as the very richest. For anything which claims to be a ‘public service’, this is an uncomfortable situation to be in.

**The licence fee disadvantages the BBC**

13. This is an important reason and has been overlooked by many in this debate. As has already been outlined, an exponential rise in those accessing online, on-demand content through Smart TVs, smartphones, tablets, laptop, and desktop computers means more choice. For long term stability, the BBC has to change and adapt in the modern world. Currently, the BBC’s structure is too bureaucratic and wasteful. This is not going to change unless there is major reform inside the BBC.

14. Many of the arguments to do with the BBC sending a disproportionate number of staff to important world events (such as the US presidential election, Nelson Mandela’s funeral, and the 2014 Winter Olympics), and complaints about its editorial bias, would be solved if the licence fee were scrapped. The BBC would not be able to afford such expense as a private company and if you don’t like its editorial positions, you don’t have to subscribe.

15. One of the strongest arguments for scrapping the licence fee though came from Nick Ross, the former Crimewatch presenter:

“I am one of the few people calling for the abolition of the licence fee because they treasure the BBC. The experience of BSkyB is that people will voluntarily pay far more than they will under criminal sanction, and easily enough to promote and subsidise the encrypted radio-receiver technology that would need to be phased in.”
16. This follows on from David Dimbleby’s comments that the BBC needs to “redefine” its role and examine "whether it is too powerful for its own good". He went on to say:

"I do think the BBC needs to pull back a bit from some of the things it does, maybe cut back a bit on its number of television channels… Cut out some of the gardening and cookery and all that on BBC2 and turn it back into a quality thing it was meant to be and then you have two big channels, one and two”

17. Those sensible voices from within the corporation calling for change need to be listened to. Those who love the BBC and want to pass it on to future generations should see the need for reform, although people like the former controller of Radio 4, Mark Damazer, are still resisting and continue to ignore worldwide trends. He attacked Mr Dimbleby’s comments and said the BBC needs to maintain its size so that it can to serve licence fee payers in the digital era.

18. As a private company, the BBC can change and adapt freely. It would not have to answer to licence fee payers for every pound of spending. It would not have to appear before committees of MPs to justify itself. If would be free, in the same way as every other private company is free, to tailor output and viewing packages to its customers. The BBC can only be secured by looking forward.

The future of the BBC

19. The BBC has to decide what it wants to be. Does it want to be “all things to all men”, or does it want to focus on what it does best? The BBC is immensely powerful, and here is an example of how it distorts the market.

20. Oneword was a reasonably successful digital radio station specialising in books and arts. After the launch of Oneword, the BBC decided it too would follow suit and launched BBC 7 (which subsequently became BBC Radio 4 Extra). A small digital station cannot compete with the massive resources of the BBC, and as a result, Oneword ceased broadcasting.

21. It is a similar story in publishing. There used to be a plethora of football magazines until the BBC decided to get in on the act and launch Match of the Day magazine. Local newspapers struggle to compete with the massive resources of the BBC, and are crowded out of the market. All of this is only achievable because of the way the BBC is funded.

22. The majority of the programming on the BBC is not public service in the sense that the majority of the programmes the BBC makes are commercially viable and similar examples can be found elsewhere. The typical daytime schedule on BBC 1 proves this. There is a plethora of programmes on other channels similar to Rip-Off Britain, Homes Under the Hammer, and Bargain Hunt. I am not saying those three programmes are not popular - I assume they are, but my point is with the market already saturated with similar examples, why does the BBC add to the saturation? Surely it should be offering something different.
23. If the BBC wants to continue to grow (which is clearly its intention as it explores new markets across the world), the only way it can do that effectively is by changing its funding model. If the BBC wants to continue to be publicly funded, it has to step back and stop doing as much as it is. It can’t do both which it is attempting to do at the moment.

24. The most effective way forward for the BBC would be to receive the majority of its income from subscription, with public service broadcasting being funded through general taxation. This applies to all BBC output, including radio.

The Governance of the BBC

25. The BBC Trust is supposed to be the voice of licence fee payers, and its role to hold the BBC to account. It has failed. Instead it is the BBC’s apologist in-chief. The Trust was on its last legs when Chris Patten resigned as chairman, and Rona Fairhead, the current chairman, has openly admitted that the Trust should be abolished. We agree, and as it looks like Ofcom will not want to take on the role of regulator, a new regulatory body will have to be created.

Conclusions

26. The licence fee should become a relic of the past. There is no justification in the 21st Century for a compulsory levy that goes to fund one broadcaster. The Government should instruct the BBC that it needs to prepare for change, and also instruct the BBC to report to the Secretary of State for Culture, Media and Sport on how it is going to move from the licence fee to a subscription based service. As soon as is practically possible, the licence fee should be scrapped. This could be done region by region to mitigate the impact on the corporation.

27. The non-payment of a television licence should be decriminalised. Having a County Court Judgment (CCJ) against your name seriously affects your ability to obtain credit. No sensible person who can afford to purchase a television licence would risk a CCJ, especially if they were looking to obtain a mortgage.

28. There is an important debate to be had about public service broadcasting. It is our view that all broadcasters should be able to bid for funding to make public service content and this funding pot should be financed through general taxation. To prevent politicians slicing money from this budget at will, the money made available for producing public service content should be protected in statute, with funding reviews at the start of each new parliament.

29. As already outlined in paragraphs 3-9, technology is moving at such a rapid rate that we don’t really know what the media landscape will be like in ten years’ time. We certainly couldn’t have predicted the current landscape ten years ago. For this reason, it would be wrong to award a Royal Charter to the BBC for ten years. This should be reviewed again in five years’ time.
30. The BBC Trust should be abolished and replaced with another regulatory body in-line with the recommendation made by the select committee in its ‘Future of the BBC’ report published earlier this year.

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