

“The role of a modern electronic media regulator is to support the development of a dynamic broadcasting and media industry that enables the creation, distribution and promotion of indigenous content and reflects national, social and cultural values back to the public as well as to the rest of the world” –Nordicity Report, pg. 4

This “role” as set out in the report and apparently accepted by the broadcasting regulator, goes to the heart of a fundamental concern that the commercial media sector has with the positioning and ultimately the direction of the proposed changes to regulation – it does not articulate a business model for a viable and sustainable sector. In fact, in its pure articulation, the stated “role” fails to articulate a position in support of viability, competitiveness and profitability. Our submission is grounded in the fact that without viability, none of the principles articulated can be sustainable and so a critical component of proposed change and reform is not to be driven by profit maximization, but to facilitate viability and growth.

In the view of the Media Association Jamaica Limited, MAJ, the “developmental” emphasis is also not couched in a broad enough context to encourage the embracing of the commercial media sector and does little to allay legitimate concerns that commercial interests are being sacrificed for the creation of a largely public service media sector. It is our view that unless the role is re-stated and profitable commercial endeavours are given a reasonable opportunity to exist in the context of diversity and the promotion of national goals, the regulatory changes proposed would usher a speedy demise of a traditional media sector which is already under pressure to keep up with a rapidly changing environment in which both traditional, new and social media must co-exist.

Further, reflecting the “...national, social and cultural values back to the public...” is stated as a primary goal and in our view may be a desirable national developmental objective, but there must therefore be recognition of the need in a globalized environment to present edifying and entertaining material that also exposes the public to the world at large and should therefore not be defined to restrict broadcasters to being production houses and national content creators that because of this designated focus cannot be effective players in the reality of a global marketplace. In short, the broadcast media sector also has a role to play in presenting the World to our local audiences – though we agree and accept that our long standing practice of local content development is more important.

• Independently Funded Regulator

The report also speaks to “...the creation of a dedicated, independently funded electronic media

regulator...”

Our view is that a modern and adequately funded regulator is good for the country and for the industry but we are cautious that an expanded and elaborate regulatory body appears to have been pre-determined, for which a funding model is to be created. While there is no objection to cost-recovery for a regulatory body, it must be noted that no assessment of the sector's ability to fund this pre-set bureaucracy has been made in the study.

• **Financial Reporting**

The report suggests that there is a need for all commercial entities to report full financial information using acceptable accounting standards. The MAJ accepts that this is prudent and required. However, it is our understanding that this is already a requirement and if so we see no need to go further than to support its effective implementation. The comment as is presented in the report casts an aspersion on the integrity of the financial reporting of some broadcasters and should be clarified. We note that broadcast licensees have different corporate structures, whether as publicly listed companies, partnerships, sole proprietorships and so on.

It is our view that indicating that the financial reporting must be through audited financial reports is a sufficient requirement unless the study is questioning whether or not auditors are endorsing fictitious or manipulated reports – for which there are other remedies than new regulations.

We wish to suggest that under this heading the regulators should seek reform that would permit the regulator to share aggregate information on the performance of the industry in revenue, profitability or lack of profitability terms. Not only would this help the sector track its growth and development, but it would provide a transparent mechanism to understand the proposed funding support licensees give to the regulator, since elsewhere in the report there is a proposal for a percentage of revenues to be used to fund the regulator.

• **Supporting Intellectual Property Rights**

With respect to the recommendation that all content within the regulated broadcasting sector should be acquired by appropriate rights agreements, this principle is supported by the MAJ. However, there needs to be clarification of two points: what is the definition of “regional” in the reference to “regional or full national rights”.

We wish to make it clear that our support does not extend to agreements under “compulsory licensing” regimes as this in our view breaches international copyright agreements.

The MAJ supports fully the recommendation “...to bring all regulated stakeholders to the same level of full compliance with reporting and copyright obligations”. Detailing these obligations would be most useful to attaining this policy objective.

• **Defining the regulated broadcasting industry**

The MAJ supports the need for precise definition of the players in the broadcasting industry.

We do not support the inclusion, at this time of an internet based service as an entity to be regulated. The Internet provides global reach into markets where standards, levels of regulation and access are all managed differently; even where managed, the management approach and structures are evolving. To impose a set of rules based on local approaches in this circumstance could stifle the ability of such entities to realize their business potential in global markets.

Although this report has been re-emphasized as one directed at developing the indigenous sector, this should not be at the expense of a fair opportunity to develop and launch competitive business ventures from Jamaica to the global market. It is our view that until there are global or hemispheric standards adopted on this matter, the regulator in Jamaica should not subject internet entities to rules that could serve to strangle them in the global marketplace. Bear in mind that Chinese authorities believe their level of regulation to be consistent with the goals of development for their society.

We note the policy proposals are also that some foreign programming services received in Jamaica should not enjoy regulatory and legal protection. We wish to receive more information on this point in order to respond.

• **Financial Viability of Media Industry**

The Nordicity report proposes to adopt measures to “...ensure strength among producers, broadcasters and distributors... (through)...measures to ensure the financial viability of all stakeholders...to capture new revenue as well as provide cost leniencies to low-revenue broadcasters.”

This position has struck grave concerns in the commercial broadcasting sector!

□ Firstly, it is frightening to us in the commercial media sector that there is a proposal that the regulator should seek in a market-driven economy to essentially 'set the wicket' for commercial negotiations. While setting the rules of business and setting a regulatory framework are understandable, determining who is at a commercial advantage or disadvantage in negotiations and then seeking to adjust the framework to "correct" such perceptions or positions are anti-business, anti-free market and inconsistent with the role of an independent regulator especially in a small market.

The report speaks to different segments in the industry and proposes steps in how to treat with them. This raises the need for very clear definition of producers, broadcasters and distributors as the overlapping of roles will create distortions and structured inequalities; in that context there is also a clear need for an appropriate approach to the development of the sector around whether or not having defined the three critical roles, there will be overlapping role plays and how the regulator sees the management of that process to avoid unfair action and inequity by policy design. If for example the regulatory framework is for any one entity, or a dominant entity in distribution to be a player in broadcasting, then there must be steps taken to prevent conflict of interest in perception and reality.

□ Secondly, the notion of providing cost-leniencies to any segment of the same sector appears to introduce market interference into the financial fortunes, rather than allowing market forces to be the determinant in a market-driven economy. It could lead to the spawning of marginalized companies to secure such benefits rather than the market determining what the outcome is. We are further concerned that this is being proposed at the same time that there are recommendations to introduce a raft a new fees on the sector which will change their financial fortunes; and at the same time there is a recognition of a need to provide cost leniencies to some - yet retain equity. We recommend very clear discourse and full understanding before any such action is time-framed and if feasible eventually taken.

□ Thirdly, clarification is needed on the references made to a "national broadcasting industry" (is this national as in public service or geographical)? Without clarification, this could introduce further confusion in the sector.

□ Fourthly, the study in this area seems to be presenting a case for the introduction of content quotas for licensees including commercial media operations. If this is the case we need to be

clearly told. This would again be against the free market context – and the question would be to ascertain what mischief is being corrected in this marketplace, if as the same study says “plurality” is a goal. The MAJ does not support the implementation of content quotas.

The report contains a recommendation to allow broadcasters to “...***benefit from the economic value of vacating analogue spectrum for use by mobile, wireless and data providers...***”

The MAJ is not keen on this proposal as it is asking for the acceptance of a raft of fees and a timetable to move from analogue to digital at significant expense in exchange from the PROMISE of digital dividends. We would prefer to discuss the dropping of certain fees that are proposed and in exchange giving up on the promised share of the digital dividend.

There is a further recommendation that “...the BCJ has already recommended selling local availabilities in foreign cable content as one means to add new revenue to the broadcasting system”. This would impact the cable sector positively and the broadcasting sector (being charged new fees and required to live up to quotas). If this were ever discussed with broadcasters we would wish to share our views on it so that what is designated a benefit could be explained. Clarification and discussion are required.

• **Equitable market-based license fees for all players and regulatory funding**

It is well known that commercial broadcasters having secured a license to operate, fully fund their building, production, infrastructure, backhaul and transmission equipment acquisition, staff their operations and then seek to earn primarily from the advertising which in intervals that are not market-determined but regulated (12 minutes in any one hour). It is also known that by convention commercial media offer government entities lower than commercial rates, offer community service and public service announcements at no charge, provide coverage and exposure to national events and cultural activities at no charge; provide discounted production and subsidized airtime charges to government for national and cultural events; provide live and extensive coverage of activities like national budget debates and also often provide valuable and extensive coverage of potential and actual national disasters – most times displacing commercial activities that are not recoverable. In addition, broadcasters provide hundreds of millions of dollars in airtime for government broadcasts each year. The latter has in the past been described as the consideration for licensing and regulation. The MAJ does not support the imposition of additional fees on commercial media entities, particularly since it is more likely that the demand for all the present services we provide at discounted or at no cost will increase rather than be decreased or removed in the future and for a prolonged period. Specifically we recommend that commercial media providing the services as described above should maintain the present approach and as long as we are required to provide government reserved time, we

should not be required to pay further license, spectrum and regulatory fees. Where there are defined and mandatory things broadcasters must do in the public's interest, we believe it is only fair that using the public asset – the spectrum should not be at a further charge.

Separate from these issues it is also a condition of our licenses that our stations can still be taken over and placed under the direction of a “controller” appointed by the Prime Minister or Minister of Information. For commercial operators to have to provide these by license, then have to pay license fees, spectrum fees (proposed in the past) and possibly pay a public broadcasting fee as a percentage of gross advertising revenues (proposed in the past), would devastate the commercial sector, would be inequitable and burdensome.

Bearing in mind the very slim profit margins in media, the introduction of these fees could lead to the collapse of the sector.

We ask that it be borne in mind that where media houses make profits, they are also required to pay the regular corporate taxes at a rate of 33% and we make the usual payments of General Consumption Tax and all Payroll Taxes.

Our submission is that the following profile of the contribution of commercial broadcasters, in existence and proposed would be as follows:

1. 2% Intellectual Property Rights (through JCAP, JAMMS and others)
2. 18-21% Sales and agency commissions
3. 3-5% Regulatory Fees (proposed)
4. 1-3% Spectrum Usage Fees (previously proposed)
5. 1-2% Public Broadcasting Fee (previously proposed)
6. 33% of profits (if profits are made after regular business operations).

If broadcasters were to pay out more than 30% of their earnings before they meet \$1 of expense from their operations or \$1 towards paying staff, our view is that this would be deleterious if not calamitous to our businesses.

If after those fees media make profits and then meet their requirement to pay corporation taxes, we would have a licensing, regulatory and business taxation environment that makes business unsustainable.

It is noted that the proposal for a one-time cost for the economic value of broadcasting license term has been made. We do not oppose this well-established mechanism elsewhere. However, as we understand this, the proposal will change for the worse, terms of those broadcasters who were not previously subject to expiration of their licenses.

If licenses that previously had no terms were to be changed that raises two significant concerns: one is that this is fundamentally changing the certainty of the business operation and making it subject to determinations on a periodic basis, after tens of millions of dollars would have been invested – and we have seen in other jurisdictions where this has been used as a political weapon against media. While we could accept a one time license fee the certainty of the ongoing life of licenses (once they do not breach them nor regulations, should be preserved.

Secondly, investments that were made will now be subject to the vagaries of this provision and the attractiveness of our business to investors and to shareholders will be brought into question. Share prices and potential for expansion and re-tooling will immediately become an issue, especially where re-capitalisation or financing support are needed close to the time when license renewal is to take place.

It may be useful to note at this point that we also note the recommendation to make the regulator independent and to be the arbiter of decisions on the awarding, monitoring, suspension and revocation of licenses. While we support this recommendation in principle as being more progressive than leaving the position to the “political” head of the industry – the Minister of Information as the final arbiter, there would need to be certain other safeguards to do with natural justice, equity, transparency and accountability of the regulator, in the full glare of the public to be agreed upon before we could fully support this.

Further, we must take note that what is described as a one-time cost is not one-time at all, as it seems it will now be for a “term” which could be a year, two years, three years, etc. In those circumstances this “one-time” cost becomes a “one time-recurring fee”. To broadcasters it increases the cost of operation further and increases the hostility of the economic environment for media.

Mention has already been made about the introduction of a regulatory fee. We wish to further oppose it on the basis of it being described as “market-based” where several elements of the “market” are proposed to be ‘managed’. The point has to be made that our industry does not support the building of a super-structure for regulation, to include the establishment and funding of certain “development” objectives such as a programme development fund and so on. We do not agree that this ought to be the regulator’s role.

Indeed the regulator can unwittingly put itself into conflicts with the regulated if it operates as is recommended!

We are also quite uncomfortable with giving the regulator an authority to estimate broadcasters’ revenues as a means of setting future fees for licenses.

Finally on this point, the MAJ is very concerned that there could be a recommendation for the paying of fees on a revenue earned basis, which is before we meet the expenses of paying staff or of getting on air. The principle of a CESS being levied before essentials are paid is in our view wrong especially when if after these charges if the business makes a profit, there are corporate taxes at a rate of 33% to be paid before shareholders can be considered for a dividend.

• Recognition and Support of Priority Indigenous Programming Content

“Many regulatory methods are used globally to ensure there is a significant amount of national content available in the broadcasting system, ranging from financial and educational support measures to exhibition and carriage requirements”.

The foregoing excerpt from the report’s executive summary (page 6) is another point of departure that the MAJ has with this report. It is well known and declared by policy makers past and present that there are insufficient resources to expect financial support for the sector to come from the authorities (regulator, government). If, as is now, proposed resources (through a range of fees) are to be drawn from the media sector to be re-distributed (back) to the same sector, we could not support that approach. It would constitute having competitors see the benefits of their investment, management and hard work, taken and shared with those who did less, invested less and gained less. It would be penalizing an entity for being successful.

On the point of “carriage requirements” it appears to be the “content quota position” being re-introduced. Again we state that we do not support state or regulator imposed quotas in a commercial media sector where the number of licenses granted, plurality of interests accommodated and the formalization of Independent Programme Providers IPPs have all been used to influence content commitments in the sector. After all that, the market cannot be ‘managed’ further, it must have some semblance of being free. It should be noted that most licensees had to present a programming plan in applying for their license, if the regulators held those licensees to the programming plans they gave then this objective could be achieved without this dangerous “content quota” proposal being adopted.

It is interesting that quotas have not been introduced, yet there has been an exponential growth in independent producers collaborating with broadcasters, undertaking co-productions and securing support. In the face of this, what is the driving need to introduce quotas that could more than likely distort what the audiences, the advertisers, indeed the market and the broadcasters have achieved?

The contemplation that the regulator or policymaker could determine content mix and programming genres is frighteningly intrusive in the commercial (not the public service) media sector. It is our view that interventions in this area will cause distortions in the market, will cause the regulator to exceed its mandate to regulate equitably and will cause the influencing of programming and business decisions – where they are not the ones taking the risk and do not have to account to the shareholders of a business who have so risked their capital. We think this is going too far and it should not be permitted.

- We also note the recommendation stating that “a national indigenous programming production strategy needs to be developed in Jamaica....”

We see the proposals in that regard. While we believe that there are useful points that flow from such a policy framework, we are concerned about whether or not these steps will further distort the free-market, whether it is feasible to develop the proposed fund for a sector which the report notes has challenges in producing within present constraints, and whether or not this should be done at a time when there are so many other changes being contemplated.

- The report proposes future potential benefits of tax credits when we know that irrespective of

who forms the government, tax credits are unlikely in economically challenging times. It may be useful to consider trading off this prospect of future tax credits for future license and regulatory fees.

We note the report's position that a national indigenous programming strategy should include developing training programmes to increase production crew capacity levels. This is a noble principle and we agree with it in general. We however, question if this ought to be a goal of the regulator and if it isn't misplaced in this report.

With regard to the matter of mandating the carriage of all terrestrial broadcasters on distribution networks (we assume by distributors) we support this recommendation. However, we note that the recommendation is for this to be established through "fair carriage negotiations". As this suggests that fees will have to be agreed between content providers and the channel operators, we again see that this could be a move in the direction of mounting costs on the broadcaster/content provider. If this is so we do not understand how the regulator would view the distributor paying foreign channels for using their content, but local content providers have to pay the distributor for using its acquired or produced content. How will this promote the indigenous media sector when it is being placed at financial disadvantage to foreign content providers?

We recommend that all non-subscription, FTA national licensees should be under the mandatory carriage arrangement, if that is maintained, since the consumer is being charged for a package of channels to be delivered to them.

• **Foreign Ownership**

With respect to the recommendation to review the ownership provisions in the industry at present and the preservation of the majority (51%) ownership in media by Jamaican/CARICOM interests, we support this recommendation.

• **Concentration of Ownership**

"Jamaica therefore should develop a concentration of ownership policy that clearly outlines appropriate concentration thresholds..."

The recommendation above may be well intentioned but could go against the grain of free

enterprise and a free market. Plurality of views is not only achieved through multiple ownership. We are not keen on “a contraction of ownership policy” into very small levels as we see this as a measure that could impact the raising of capital, the recapitalization of existing business and the ability to attract new investment. Subject to anti-trust or monopoly-type activities, our view is that free enterprise should be allowed to operate subject to how companies were legally organized and to determine otherwise is to have the regulator enter the business dynamics of the company as against guide the market in an equitable and progressive manner.

• Broadcasting Standards Council

The proposal for the establishment of an industry-led standards council is viewed with mixed feelings. It can be reasonably concluded that the regulator is not interested in ceding any of its authority to this or any other body. Hence, this industry-led body would have little influence on the regulator's views, decisions and actions, but would be a new layer to be funded by the licensee who is also to assume charges for a regulator's fee, license fees and others. Further, if the positions of the proposed body have no weight with the regulator, what would it achieve? The MAJ does not support that approach.

Instead, we support a strengthened and proactive regulator that would give guidance, apart from broad policy guidelines, without specifically taking positions. For example issuing statements of guidance on certain content issues would be useful. Waiting for an infraction to be reported, then adjudged by the regulator and punishment meted out, as an approach by the regulator is punitive rather than facilitative of the development of the sector.

• Political Advertising Regulations

We note the recommendation for collaboration with the Electoral Commission in ensuring that “...political advertising regulations are enforced”. We have no difficulty in the establishment of an ad hoc body (meeting for a period before an election is held and then being dissolved). It should involve the ECJ, the BCJ and media representatives to view and “approve” political messages, once the licensee can be protected from the regulator on further action if we faithfully abide by that body's positions.

We however do not agree with actions that would cause advertising to be restricted to a certain quantum per medium, bearing in mind the case outlined under “market determined advertising volume”. It is our view that where broadcasters invest in and develop high demand for their airtime and advertising slots, it is anti-business to penalize them by restricting their ability to maximize their sale of that airtime in this limited period of political campaigning, when it is well known that most other advertisers withdraw from the market so as not to get their messages lost in the “political noise,” and where the broadcaster has a heightening of its cost to provide

election campaign and election coverage which are very expensive activities. We note also that the ECJ has now introduced fees for accessing election results data – we make the point of charges everywhere!

- **Transmission Standards and digital transition**

□ We support transitioning to a digital standard.

We agree that the Digital Switch Over Committee is capable of handling the issues that are to be determined and therefore do not need to comment fully on this area of the report.

□ However, we wish to take the opportunity to point out that timing of the transition is critical if we are not to destroy the financial operations of our entities and in that regard we recommend clear consideration of the matter of timeframe and note the following DSO deadlines: Singapore – 2020, India – 2017, Venezuela - 2020, El Salvador – 2019, Costa Rica - 2018, Columbia - 2030, Chile - 2017. We ask that their economic, their media and their per capita spend resources be assessed in determining how aggressive Jamaica has to be in setting its DSO timeframe when taken into account with these “better resourced” economies and media industries.

□ In our view, there are some technical issues that this study should place before the policy makers and should make firm recommendation on but it did not. One such issue is that subscriber cable operators should be mandated by regulation to ensure that the technical signal that they deliver to any home in their network should be no poorer than the technical quality of the signal they receive at their (the operator's) point of reception.

□ Secondly, this report should address the technical issue of the consumers' right to receive a FTA signal on their system or from their provider without difficulty, even when subscription fees are not paid. This can be achieved in one of two ways. STV operators should be mandated to allow FTA channels to be received by consumers through their network, even if subscribers have their services disconnected for non-payment. The channels are not being paid for and non-payment of a bill should therefore not deprive them of those channels. Alternatively, STV operators should be required to give a clear option in their contract offering to consumers to pay

the minimal additional charge to have an A/B switch installed with their STV service. This would allow the consumer to attach an internal or external antenna to which they can switch seamlessly when there are technical or payment issues with the cable supplier, but not with the FTA service provision. This would also be of tremendous value to the consumer in periods of natural disaster, such as hurricanes when STV services have to be suspended or have to go through an extended rehabilitation process but where FTA broadcasters are expected and are being further mandated to provide greater emergency and public service.

• **Media Response to Emergencies and Disasters**

With respect to this recommendation, we have no difficulty.

The recommendation is to formalize something that broadcasters have been doing without having to be mandated. It is to be clear however, that where the respective agencies do not have the capacity to provide the messaging to the broadcaster, the broadcaster cannot be penalized for not disseminating that message. Secondly, there must be due consideration given to the mandate of commercial stations seeking to provide differentiation in programming and they ought not be mandated to adopt common (similar) programming unless in clear cases of it being required. There is recent experience with the nation being heightened for a hurricane which never materialized even as sections of the island were supposed to have started feeling the effects.

• **Regulatory Governance and Dispute Resolution**

With respect to the recommendation for separation of responsibilities for policy and regulation, we agree with the recommendations made. Specifically we agree that:

1. The Ministry should be responsible for policy only;
2. The regulator should be responsible for granting and revoking licenses as well as regulation of the sector, but (we recommend) reporting to the Parliament on an annual basis;
3. There must be an independent Tribunal to hear and determine disputes between the regulator and licensees; and either party should have their final recourse being to the courts of the land.

We also wish to make the point that a clear and equitable consultation process is to be defined for the regulator to utilise in arriving at changes to regulation and policy recommendations.

Other Issues

Apart from the unaddressed technical issues that we raised in a previous section, there are other significant issues that are to be clarified before we can consider this report complete and fair in the scope of issues it has put before our policy makers.

• Spectrum Usage Fees

In the past there have been attempts to introduce spectrum usage fees for radio and television licensees (for radio frequencies, STL units, TV channels and microwave links). This report has not made recommendations on this and it is important to understand if the proposed fees for licensing and regulation contemplate no further fees, or if the Spectrum Management Authority could later come to recommend another layer of fees in addition to those contained in this report. These are so closely related that the one must go with the other.

• Single Regulator?

We are also not clear on whether or not this report is recommending the position of a single regulator. It is important to understand that, since another regulator could advance similar arguments for the levying of a regulatory fee on licensees with disastrous consequences. More importantly, there are areas of this report that have gone into some technical and competition areas. It is therefore only reasonable for the full picture to be before the industry to understand what the plan is and how it will fully impact us.

• Does “must carry” equal “free carry”?

We are somewhat mystified that the report does not contemplate one of the most topical issues in the industry globally at this time – the need to compensate previous “must carry” channels for their content. There is current research in Jamaica that confirms that most STV households and viewers consume ten to fifteen times more content from FTA services than they do of non-FTA services – yet the STV operator pays most of the non-FTA provider a fee and does not pay the FTA operator.

The equitable nature of this has to be interrogated by this report and a position taken!

Further, the recommendation made regarding “fair carriage negotiations” is in our view incomplete without an analysis of this position and a reasonable recommendation made

there-from.

Where there is contemplation of programming quotas, requirements for indigenous content and improved standards, all to be funded by the licensee without any support from those collecting subscription fees from consumers who are viewing these FTA channels more than any other in their STV bouquet, there must be consideration given and an adjusted model found.

• Public Broadcasting Issues

We are aware that the Public Broadcasting Corporation of Jamaica, PBCJ, is governed by a separate Act (but so too are Intellectual Property Rights and Accounting approaches discussed in this report) from the Broadcasting Act; there have been numerous public broadcasting issues that have been expounded on with respect to the role and responsibilities of the broadcast licensees that are overwhelmingly commercial entities in pursuit of commercial gains while recognizing and taking cognizance of the public interest.

It is important for our industry however to understand the thinking of the regulator and the policy framers (including the consultant) on whether or not the PBCJ is to be funded by a fee to be levied on licensees as has been proposed in the past. If this were to be so it would become immediately clear that broadcasters would have a further problem. It is even more worrying when we recall that the proposal was for a fee calculated as a percentage of gross advertising revenues. To understand clearly our predicament, we need to understand this as well. There is also a need to understand if plans for the PBCJ to compete with commercial media for advertising and sponsorship revenues are still a part of the policy direction being contemplated and whether or not this is supported by this report or the regulator.

• Local Advertising on Foreign Channels

The STV Act was developed and promulgated on a premise that the sector would earn from subscription fees and added services the technologies were offering up (much of which has been realized). However, there have been in the past few years a request for and a contemplation at policy makers' level of allowing local advertising on foreign cable channels. This is a position opposed by us in the FTA industry as it only further erodes the base of our operations which is under threat from so many other sources.

We note that this has not been specifically spoken to in the report. We wish to ascertain the thinking of the policymakers and regulators on this issue.

• **General**

Our general view of the Nordicity Report is that while it has contemplated and taken several positions on issues in the media industry, it is not balanced. The report has contemplated the requirements to adjust the policy and regulatory frameworks to facilitate the modernization of the media sector by finding ways to encourage new and emerging media to be introduced. However, it does not pay attention to an approach to facilitating their emergence without undermining the traditional media sector, and specifically FTA broadcasters. It makes no recommendation on how to facilitate transforming the sector while preserving the traditional players. The recommendations can produce far-reaching changes in the sector, many of them positive but it can also include actions that would lead to the collapse of one segment of the sector as another segment is stimulated to grow.

It is our view that the issues that have had to be highlighted as relevant but not included in the report, point clearly to the inadequate attention paid to balancing the sector in the report. It is yet our hope that these issues will be addressed.