

The BBC and world media

The meeting of the 1922 Committee with the Director General of the BBC on Wednesday evening was a private meeting and covered a wide range of topics before we had to vote in divisions. It led me to some more thoughts on the BBC and our media future which I would like to share more widely.

The BBC has an annual turnover of just £ 5.7bn. Whilst it remains an important presence in UK media, with access to substantial tax revenue in the form of the licence charge for watching live tv, it is a small presence worldwide. The global non UK activities earned just £2bn last year by charging users.

Netflix started up in 1997. It now has a turnover of \$32 bn or 4.5 times that of the BBC. Amazon Prime Videos business is comparatively recent but already has a turnover larger than the BBC. Disney with a worldwide total entertainment turnover of \$82 billion also has a tv turnover as large as the BBC without any preferential terms or tax in a particular country.

The BBC assures us it has a fine reputation abroad and it has ambitions to have a more influential world presence. To do so it needs to understand why the great US media corporations have been so successful at exploiting new technologies for dissemination of services and how they have captured the attention and the money of so many foreign viewers.

The BBC has a good back book of programmes and archival material from news to cultural events. It has plenty of expensive talent on its books. It commissions programmes from a range of independent producers. If it expanded its global business more rapidly this cost base could be defrayed over many more paying customers, and talent could be paid well out of the growing audience and revenue base.

Leaving aside the tax financed UK traditional business, the global/studios business could be expanded rapidly. To do so its ring fencing would need to be strong so no subsidy was paid across from UK taxpayers. It can have its own balance sheet with arrangements for accessing the back materials and the talent held by the UK BBC to the mutual benefit of the two arms of the Corporation. There could be talent sharing and revenue sharing arrangements where they were working jointly.

Some say the world BBC is held back by lack of money. With its own ring fenced balance sheet and revenue stream from overseas sales that should be easy to remedy. BBC Global could borrow against its talent, programmes and audience figures as it grows its own equity. It could bring in minority outside shareholders with equity contributions.

The UK has to earn its living. It should not sit and watch as Netflix, Amazon, Disney and the other US giants dominate the world media markets. With its reputation and established library the BBC should be able to help build one of the world giants of the new media age. Its immediate task should be to

put another nought on the number for its non UK turnover. The UK has done well at building a bigger domestic film industry and has some competitive flowering in domestic tv and radio, but needs to add a media giant to the repertoire to make a difference to our balance of payments and living standards.