

**From:** Jim Raeburn – Director - Scottish Daily Newspaper Society

Dear Sirs

I write on behalf of the Scottish Daily Newspaper Society (SDNS) representing the publishers and editors of seven major groups – Aberdeen Journals, DC Thomson & Co Ltd, Newsquest (Herald & Times) Ltd, Scottish Daily Record & Sunday Mail Ltd, The Scotsman Publications Ltd, Associated Newspapers and News International Newspapers (Scotland) Ltd – whose 18 titles account for aggregate weekly sales of 10 million in Scotland.

While the Commission's work to date has as its name indicates related to broadcasting its third interim report on the democratic importance of broadcasting states that it will be focusing attention on a number of key emerging issues, two of which – online news and the so called 'funding gap' for STV – are of direct interest and concern to SDNS members.

Your report indicated that "both BBC and SMG plc have expressed an intention of expanding their 'local' news provision, especially in the online environment" (para 3.17). It went on to say that "the shift of emphasis towards online content is a key part of the BBC's strategy for reaching the highest possible percentage of the UK public with some aspect of the news and current affairs portfolio" (para 4.12).

We draw a key distinction between the positions of those two organisations inasmuch that the BBC is publicly funded through the television licence fee whereas SMG, at least at present, is a commercial provider without public funding.

As we understand the position, the BBC management, any day now, will submit its online plans to the BBC Trust who will conduct a public value test while Ofcom undertakes the required market impact assessment. These plans are based on a substantial expansion of its web based content including video news. In Scotland this will see the staffing of each of six regional websites increase from one to six journalists, giving a level of resource for which we can see no commercial justification. Our view in brief is that the BBC should not be using its privileged position of public funding in the provision of online regional news when such services are already covered by daily and local newspapers operating in a commercial environment to generate revenues based on audience reach. Our member titles deliver over 5.1 million online unique users each month not including the Scottish editions of UK national newspapers for which we do not have separate figures. We have made BBC management in London and Glasgow fully aware that further online development will distort local markets and we would ask that you take this imperative into account when finalising your report.

With regard to SMG, we have no problem about it competing as an online news provider so long as the company is operating on a wholly commercial basis. If at any stage there was a proposal to provide public funding for any part of its news and current affairs then we would object in the strongest possible terms to what could only be construed as a serious distortion of the market.

The whole question of SMG asking for public funding to help it meet its obligations in news and current affairs is nothing short of audacious.

SMG dismantled the former Grampian TV news gathering operation, yet here it is asking for taxpayers' money to expand its local news provision. In effect it wants to restore what it destroyed.

At the end of the day, all sectors of the media should be competing on a level playing field and while that may not be possible because of the uniquely privileged position of the BBC that distortion of the market should not be exacerbated by the Commission giving any credence to the begging bowl approach of a commercial operator.

Please do not hesitate to give me a call if I can be of further assistance.

Yours faithfully

Jim Raeburn