

Life after the licence fee - a streamer's levy to fund the BBC?

Blog post by Bart Myners, 15 July 2022

Amidst the uncertainty of the Conservative leadership race, one of the most hotly-contested debates Boris Johnson's successor will have to address is that surrounding the future of the BBC's licence fee. While the BBC has historically opposed moves to abolish the licence fee, Director General Tim Davie recently signalled a change in tack at the broadcaster, [suggesting](#) in May that he would be "open-minded" to a change in its funding model, a perspective echoed by other senior figures at the BBC. With this admission comes a new phase in the conversation surrounding the BBC's future, from whether its funding model should change to how.

One proposal has come from former Culture, Media and Sport Secretary and previous BBC Director of Strategy and Digital James Purnell, who suggested in a [recent Times](#) article the implementation of a streamers' levy. The proposal is not a novel one. Across Europe, governments have been introducing investment obligations and production levies on streamers. The best example is France's highly-regulated media industry, though those looking for inspiration in the UK might consider less ambitious initiatives in other European countries, such as Denmark.

France has introduced the most sweeping measures in Europe. A December 2021 agreement between the audiovisual regulator, the CSA, and Netflix, Amazon Prime Video, Disney+ and Apple TV+ obliged the streamers to invest 20% of their annual French revenues on local content, of which 80% is earmarked for release on the respective platforms, with the remaining 20% going towards funding films for theatrical release. France is not the only country to have introduced platform investment obligations. Just weeks ago, Swiss voters [backed](#) proposals to implement the so-called "Lex Netflix", compelling global streaming services to invest 4% of annual Swiss revenue into local TV and film productions, either by directly developing content or contributing to an investment fund. While the French system is a notable revenue raiser - generating between €250m and €350m annually - an analogous approach in the UK is unlikely; and would constitute a major shift from its current policy of using tax breaks to encourage the ongoing film and TV production boom in the UK.

Another strategy would be to replicate the levies adopted by countries such as Denmark. The Danish Media Agreement 2022-2025, announced in May, imposes a 6% levy on streamers' annual Danish revenues, with proceeds (administered by the Danish Film Institute) split equally between domestic film subsidies and the DFI's Public Service Fund, bolstering the finances of public service broadcaster DR by over £10m. Ireland similarly looks set to introduce a levy feeding into a central fund to support domestic production under its Online Safety and Media Regulation (OSMR) Bill. The Danish policy has not been universally welcomed, however, with Nordic streamer Viaplay's chief executive, Anders Jensen, describing the tax as "unnecessary and misguided", suggesting that "it will ultimately lead to less investment in Danish TV content and to higher consumer prices".

Jensen's response could presage the likely industry narrative should similar steps be taken in the UK. While warnings of capital flight should be treated with a degree of scepticism, the government will

nonetheless want to strike an appropriate balance between sustaining a healthy investment ecosystem (with total investment in UK film and high-end TV production reaching a record £5.64bn last year) and generating funds to support the BBC against its better-resourced global rivals.

British policymakers will want to keep a close eye on how streaming platforms respond to the plethora of levies and investment obligations being implemented throughout Europe in the coming years. In particular, they can be expected to closely scrutinise whether warnings of reduced investment by platforms really transpire. Should those threats prove unfounded, and assuming the future of the BBC's funding remains politically contentious, a Purnell-style streamers levy could become reality sooner rather than later.

The prospects of this would be significantly boosted were Labour to win the 2024 general election. The party has traditionally positioned itself as more supportive of PSBs than the Conservatives, with leader Keir Starmer describing the BBC and Channel 4 as “national treasures” in a [February speech](#), and more sceptical of global streaming platforms and US big tech overall. Either way, the debate over the BBC's funding future is unlikely to reach its conclusion any time soon.