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### **Regulatory Change in the Convergence Era: The Economic Significance of The UK Communications Act 2003**

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#### Introduction

On successive days in mid-July 2003 a new Communications Act for the United Kingdom received final approval from the House of Lords and Royal Assent, bringing to conclusion "one of the most extensive pieces of legislative consultation ever conducted in the UK" (Sanderson, 2003, p.6). Inspired by the realities of digital convergence, ongoing efforts to develop the communications infrastructure needed for competitiveness in the global economy, and policy mandates of the European Union, the Communications Act 2003 is designed to streamline the communications regulatory framework of the UK, promoting competition and investment. The Act will, according to Department for Culture, Media and Sport Media Secretary Tessa Jowell, "create the most dynamic and competitive communication industry in the world; provide universal access to a choice of diverse services of the highest quality; (and) ensure that citizens and consumers are safeguarded" ("Communications Act Gets," 2003, para. 4).

It is not within the scope of a conference paper to provide a detailed analysis of all of the provisions of such a sweeping and comprehensive piece of legislation. Therefore, the purpose of this paper is to examine major elements of the Communications Act 2003 from the perspective of policy and economic considerations.

### Historical and Regulatory Context for the Communications Act 2003

Communications technologies, industries, regulation, and policy have experienced sweeping change during the past two decades. The post-World War II era was marked by both the Cold War and the emergence of an information economy. Friedman contends that the end of the Cold War gave rise to an economic phenomenon of globalization that includes of the development of global communications and media industries and firms. Indeed, the digital network infrastructure built by the world's communications firms near the end of the Twentieth Century provide "the necessary coordination ability" for international investment and trade (Picard, 2004, p. 5). The desire to claim a share of the global economy led individual nations to engage in significant policy shifts geared toward encouraging massive private sector investment in new communications infrastructure. National policies in much of the world shifted from tight government control toward the privatization and deregulation of the telecommunications and electronic media industries in order to foster competition, innovation, and investment in advanced technologies and to wring opportunity out of the apparent convergence of the formerly distinct and separate communications technologies. The European Union and its member nations were at the forefront of these trends throughout the 1990s.

## European Union Origins of the UK Communications Act 2003

The UK Communications Act of 2003 complies with a convergence-inspired March 7, 2002 European Parliament directive (2002/21/EC) calling for a common regulatory framework for electronic communication networks (telecoms) and services (including media). Policymakers in the EU had worked since 1990 to develop such a framework, and 2002/21/EC called for a July 25, 2003 implementation deadline for EU member nations. Beyond a "harmonised" regulatory framework for the EU, the major thrust of EU electronic communications policy relates to competition in network and services. In an effort to be technologically neutral, all analog and digital networks technologies, old and new, developed and emerging, are covered. The plan is for the policy framework to apply fully to such areas as digital television transmission, interactive digital television, and personal mobile digital devices. Any movement toward standardization in such under-developed segments are to be determined by marketplace forces. A major provision of the framework requires national regulatory authorities to undertake a comprehensive market analysis to determine if markets are truly competitive.

The language of the Framework Directive makes it clear that electronic communications transmission and content regulation are separate matters and the directive does not cover the regulation of content. The Directive makes reference to *separate* audiovisual policy related to "freedom of expression, media pluralism, impartiality, cultural and linguistic diversity, social inclusion, consumer protection, and the protection of minors" (2002/21/EC, para. 6, p. 108/34). However, other than its coverage of network technologies and arms-length mention of media content, the policy framework of 2002/21/EC does not apply to media.

The 1989 Television Without Frontiers (TFW) Directive (89/552/EEC) of the European Council and its subsequent revisions outline major areas of EU-wide electronic media policy. In keeping with the concept of a unified European market that is the basis for the modern EU, the TWF Directive provides for the unimpeded flow of television programs and services among the EU nations. The policy also promotes the production and scheduling of European-produced television program content, advertising limits, and the protection of minors. The TFW Directive has been updated at several junctures since 1989 to cover such developments as digital television and teleshopping programs and channels.

### The Communications Act of 2003

The UK Communications Act 2003 was developed jointly by the Department for Culture, Media and Sport and the Department of Trade and Industry and revises completely the communications regulatory framework for Great Britain. The Act was developed over two and a half years that included "17 days of debates on the floors of both Houses, 26 sessions of the Commons Standing Committee and more than 500 amendments" (OFCOM, 2003, Ofcom welcomes). The full text of the act covers 590 pages and is divided into six major parts: Functions of OFCOM; Networks, Services and the Radio Spectrum (in three chapters); Television and Radio Services (in six chapters); Licensing of Television Reception; Competition in Communications Markets (in two chapters); and Miscellaneous and Supplemental.

The Act empowers OFCOM (the Office of Communications), "and transfers to the new super regulator, the functions of the five organisations that currently regulate the communications sector" (Higham et al., p. 1). Specifically, OFCOM replaces the

Independent Television Commission, the Radio Authority, the Office of Telecommunications, the Broadcasting Standards Commission, and the Radiocommunications Agency. OFCOM inherited 128 specific duties from these five regulatory bodies, but the Communications Act adds 135 more (Brown, 2003, para. 12). "Ofcom was set up as a 'light-touch' regulator, but it possesses massive patronage and influence as the government's trusted adviser" (Brown, 2003, para. 14). Four key areas of general responsibility are discussed in the following section.

#### Competition in the Electronic Communications Networks and Services (ECNS) Sector

While retaining a system of licensing and specific ownership rules in the media sector, the Communications Act ends licensing in the telecommunications sector. "Except where individual licences or rights of use are needed to make the best use of limited resources (for example, radio spectrum and telephone numbers), new providers are free to enter the market without having to apply for a licence" (Rawson, p. 3). The new regime provides a general authorization scheme whereby electronic network and service providers simply notify OFCOM of their intention to operate and must comply with OFCOM-imposed "conditions of entitlement." However, Consistent with EU competition policy, OFCOM has established general conditions for the operation of electronic communications network or service providers. These general conditions include universal service obligations, a national telephone numbering plan, access, interoperability, consumer protection, and network integrity.

A special provision of the Communications Act requires OFCOM to craft a definition of "Significant Market Power" (SMP) in relevant market segments. EU competition law specifies a standard of "market dominance" as opposed to a specific market share as the determinant of SMP. Providers that are shown to have SMP in any relevant market (either singularly or jointly) may be subjected to additional obligations designed to protect competition...(including) price controls and obligations to offer interconnection at cost-based prices" (Rawson, p. 3). As of September 2003 OFCOM had specified 18 markets in which the SMP rules apply. OFCOM will share authority with the Office of Fair Trading to apply competition rules in communications industries (Allen and Overly, 5).

#### Efficient Use of the Radio Spectrum

The efficient use of radio spectrum is critical to a modern communications infrastructure. Broadcasting, mobile telephony and messaging, narrow and broadband Internet access, emergency services, defense, and other public service users all share the finite resources of the electromagnetic spectrum. New variants spectrum-dependent communication technologies emerge regularly, so spectrum policy must achieve flexibility. Further, spectrum use must be coordinated internationally. The Communications Act recognizes the need to "ration" spectrum use and charges OFCOM with the development and objective justification for spectrum licensing. Elements of the Communications Act covering radio spectrum are substantially informed by Cave's (2002) study of UK radio spectrum management. Cave noted that radio spectrum already contributed more than two percent of the UK's economic output (p. 2). "Looking forward, spectrum is an essential raw material for many of the UK's most promising industries of

the future. Wherever consumer demand mobile and ubiquitous access to communications, wireless products using radio signals will provide the solution" (Cave, 2002, p. 2).

The Cave report recommended that spectrum policy "expose all spectrum users to the opportunity cost of the spectrum which they occupy" (p. 16). The idea is to provide users with incentives to use spectrum efficiently and economically. Such incentives include requiring users to pay for spectrum access, typically through an auction process. As a further incentive toward efficiency, the report and subsequent Communications Act policy enables spectrum trading. Having paid for access, firms will have a financial incentive to sell under-utilized spectrum.

The Communications Act also closes a loophole in earlier UK spectrum use law by establishing the concept of Recognised Spectrum Access (RSA) that extends regulation to spectrum users who were not obliged to hold licenses under the existing wireless telegraphy laws. For example, satellite operators transmitting signals into the UK but not operating uplinks within the UK's border were exempt from UK licensing and paid nothing for the use of spectrum within the UK. Such activities now fall under the purview of the RSA provision and RSA holders will pay for access through a bid process. In the interest of fostering regulation that is non-discriminatory and transparent, the RSA system even applies to previously exempt government uses of the spectrum (Higham et al., p. 10).

### Media Competition

In order to provide a context for understanding changes in UK media ownership rules, it is useful to review developments prior to the Communications Act of 2003. The terrestrial broadcast television sector is comprised of BBC One and BBC Two, national

non-commercial public service broadcast channels supported by viewer-paid license fees. National commercial terrestrial television was first provided by Channel Three (called ITV). ITV operated as a set of separate regional licenses. Channel Four also operates commercially, but as a government-owned national public service channel. Channel Five was added in 1997, but for technical reasons only reaches about 85% of the population. The BBC also provided five national radio services, three regional services, and 40 local stations. Four national radio services (Atlantic 252, Classic FM, Virgin, and Talk), seven regional services, and 170 local stations make up the analog commercial sector.

Doyle (2002) has traced the consolidation of UK media, particularly in the broadcasting sector. The 1996 Broadcasting Act liberalized ownership rules, but still conveyed restrictions. ITV (Channel 3) licenses required programming for regional interests and no single owner could exceed 15 percent of UK audience time (including BBC audiences); own two ITV (Channel 3) licenses in the same area; or own an ITV and a Channel 5 license (Doyle, 2002, pp. 100-101). Cross-media ownership rules, quite restrictive prior to the 1996 Act, were softened. Afterwards, a single entity could own any combination of up to 15 percent of the radio sector (excluding BBC audiences) but not more than one national radio license; up to 15 percent of the TV sector (including BBC audiences) but not more than one national ITV or Channel 5 license; and up to 20% of daily newspaper circulation. Rules did not apply to newspaper - cable - satellite service cross-ownership (Doyle, 2002, p. 101).

In the wake of the Broadcasting Act 1996, ownership of ITV (outside of Scotland) was consolidated in the hands of three firms, Carlton, Granada, and United News & Media. In 1999 Carlton sought to merge with United News & Media, but the

move was effectively blocked by Grenada's request for approval to acquire either Carlton or United. Ultimately, the Competition Commission ruled in favor of Grenada and the firm acquired most of United News & Media's assets (with Carlton acquiring the balance) (Doyle, 2002, pp. 124-128). In the end, a broadcast service once operated by 16 licensees (Goff, 1998, p.118) was consolidated in the hands of two.

The 2003 Communications Act further relaxed UK media ownership and new regulations were expected to increase the concentration of ownership immediately. For the first time ownership rules codified in the Broadcasting Act of 1990 were changed to allow foreign (non-European Economic Area) ownership of UK broadcasting firms leading to speculation that analog UK broadcast holdings would soon be acquired by US firms. No longer in effect are rules limiting one firm to a 15 percent audience share, joint ownership of the two London ITV licenses, joint ownership of a national ITV license and Channel 5 (Communications Act: Media ownership, 2003, p. 1). National radio ownership has been largely deregulated, but at the local level a system of points will be applied to jointly owned services that overlap. Every area with at least three independent local radio stations will have at least two different owners (other than the BBC) (Allen and Overy, 2003, p. 6).

Cross-media ownership restrictions were reduced, also. The rule restricting any newspaper owner with 20 percent or more of the national market to no more than 20 percent ownership of a Channel 3 service remains. A parallel rule whereby a regional Channel 3 license holder may not own more than 20 percent of newspaper market in the broadcast area was imposed (Higham et al., 2003, p. 35). Local ownership rules involving local radio, Channel 3 licenses and local newspapers remain. No firm may own a local

radio station if it controls more than 50 percent of the area newspaper market and owns a Channel 3 license (Allen and Overy, 2003, p. 7).

Deregulation in the 2003 Act is intended "to promote competition and investment" while retaining protections for diversity and plurality ("Communications Act Gets," 2003, para. 13). These protections include a "plurality test" for proposed media mergers that would involve two national radio stations attempt to merge; ITV or Channel 5 efforts to acquire a national radio station; a firm seeking to acquire a Channel 3 company; or a national newspaper group with more than 20 percent market share trying to acquire Channel 5 or control of a national radio station. OFCOM is to advise the Secretary of State for Trade and Industry on mergers and if there is sufficient cause, a pending merger will be referred to the Competition Commission for further analysis. Based on Competition Commission advice, the Secretary of State will then decide on approving the merger, rejecting it, or approving it with conditions (Allen and Overly, 2003, pp. 7-8). OFCOM is charged with reviewing media ownership rules every three years (Higham et al., 34).

### Media Content

The Communications Act includes content provisions for broadcasters relate most strongly to public service responsibilities including consumer protection, content and advertising standards, and fairness. Every licensed public service channel now has a specific public service remit from OFCOM and will be obliged to provide data on fulfillment of this remit annually. Terrestrial analogue television broadcasters are also subject to quotas on regional production and programming and independently produced and original productions. A further stipulation requires that a "suitable" proportion of

production must take place "outside of the M25 area" was included in the Act (Allen and Overy, 2003, p. 9). ("Suitable" was defined by OFCOM in June 2004 as "70 percent of production budget [for all regional production] being spent outside the M25, alongside an assurance that 50 percent of production staff will work outside the same area" (Ofcom outlines, 2004)). Other content-related provisions involve OFCOM in the provision of news programming on Channels 3 and 5.

### OFCCOM

OFCCOM was established in March 2002 by the Office of Communications Act 2002 for the purpose of preparing to assume the regulatory role that was still being crafted in Parliament. Stephen Carter, former managing director of NTL, was appointed Chief executive in January 2003. Carter noted that the agency's "regulatory role will be to oversee the transition from analogue to digital, from narrowband to broadband, and from an economy of provision to an economy of demand: (Carter, 2003 p. 2). The agency's general mission is to further the interests of UK citizens-consumers by encouraging competition.

Ofcom's specific duties fall into six areas:

1. ensuring the optimal use of the electro-magnetic spectrum;
2. ensuring that a wide range of electronic communications...is available throughout the UK;
3. ensuring a wide range of TV and radio services of high quality and wide appeal;
4. maintaining plurality in the provision of broadcasting;

5. applying adequate protection for audiences against offensive or harmful material; and
6. applying adequate protection for audiences against unfairness or the infringement of privacy. (OFCOM, 2004, Ofcom's statutory)

OFCOM is charged with an evidence-based, "light-touch" approach to regulation, intervening only "where there is a specific statutory duty to work towards a public policy goal which markets alone cannot achieve" (OFCOM, 2004, Ofcom's regulatory principles).

Expectations for OFCOM and the Communications Act were mixed. At the time of the Act's passage in Parliament, Lord McNally said of the new agency, "We do not know whether we are getting Elliot Ness and The Untouchables or Willy Wonka and the chocolate factory. Only time will tell" (UK Parliament, 16 July 2003, Column 862). On the eve of the changeover of regulatory regimes Guardian media writer Maggie Brown (2003) called the change "a big, bold experiment" (para. 2) and noted that "piecemeal paternalistic policing, by separate bodies led by the great and the good, will pass into history" Brown, 2003, para. 1). Brown refers to the convergence-influenced organizational approach to OFCOM to be "arguably a global first, and pretty daring" (para. 8). However, Brown also addressed the need for striking a balance between the economic functioning of communications industries and OFCOM's statutory obligation to further the interests of the general public both as citizens and consumers. "(C)itizens have a right of unbiased information, to equip themselves for democratic debate...recognition of the special importance of the media must modify OFCOM's radical market approach"

(para. 9). "Those weasel words, 'competition, where appropriate', also provide scope for discretion, rather than simply assuming the market knows best" (para. 10).

### The Communications Act 2003 and OFCOM: The Implementation

April 5 2004 marked the end of the first 100 days of the regulatory regime of OFCOM and afforded an opportunity for a very preliminary assessment. However, even before assuming its regulatory role OFCOM struck an unpopular note with regulated industries. Responding to OFCOM consultations had already forced media firms and industry associations to add staff and hire consultants. In addition, costs incurred by OFCOM, estimated at £164 M for 2004-2005, were passed on in the form of higher license fees. This amount is 27 percent higher than the combined regulatory costs of the five agencies OFCOM replaced. OFCOM was quick to point out that it had acquired 236 more specific duties than the previous regulators. (Wells, 2003). Bills sent to television broadcasters increased 32 percent while commercial radio was billed an amount that had increased 45 percent, due in large measure to a change from determining payment due on the basis of income rather than audience size (Brown, 2004, para. 2, 16).

Forty consultations have already been launched by OFCOM. The most prominent involve telecoms, a review of public service broadcasting, the plurality test, commercial FM radio licenses, and community radio stations.

In planning for 2004 - 2005, the first full year of operation, OFCOM made note of tentative economic conditions as communications industries seem to be emerging from a difficult period yet face continuing change. Positive developments were noted in the diffusion of digital television (now approaching 50% in the UK), falling prices, and the success of some UK mobile phone companies. OFCOM places great faith in the

development of broadband as a technology that will enable improved competition and consumer choice and is committed to assuring that regulation supports the growth of both digital television (by attempting to accelerate the date for ending analog broadcast services) and broadband. (OFCOM, 2004, Annual plan, pp. 6 - 10).

OFCOM will work from detailed annual plans developed and publicized well in advance of their initiation. The April 2004 - March 2005 plan outlines the continuation of strategic reviews of telecoms, spectrum, and public service broadcasting. OFCOM views these three reviews as essential for a new regulatory framework to be both grounded in the concept of convergence and consistent across different industry sectors. In addition, several core projects are framed, including the acceleration of the digital switchover and promotion of broadband (OFCOM, 2004, Annual plan, pp. 6 - 10).

The review of telecoms was announced in December 2003 and is the first in the nearly 20 years since BT was privatized. OFCOM (along with preceding regulator OFTEL as well as competitors) have noted that BT continues to dominate fixed line telephony and from this position thwarts competition in broadband delivery. Well after deregulation, customers served by BT connections but buying phone or Internet service from other providers still receive a monthly bill from BT. In this way BT maintains a consistent marketing link with everyone connected to their network (Wray, 2003). OFCOM seeks an outcome that will create an improved environment encouraging competition.

The spectrum review is another greatly anticipated OFCOM undertaking. Spectrum is a critical resource with relevance for digital broadcasting and advanced forms of mobile telephony (e.g. 3G) and other uses of wireless broadband delivery. As

noted earlier, the Communications Act 2003 was informed by an extensive review of spectrum management options. OFCOM's spectrum review will seek to implement a long-needed comprehensive set of policy and regulation for the most efficient regulation of spectrum, including a system for spectrum trading. As the switch from analog to digital takes place (UK policymakers are aiming for 2010), plans for the efficient reallocation of spectrum will be needed. Spectrum is a resource shared internationally and revised policy is seen as critical to the UK interests in international negotiation on spectrum use (OFCOM, 2004, Annual plan, pp. 35, 39-40).

The review of public service broadcasting is one of the most eagerly anticipated (or dreaded) actions to be undertaken by OFCOM. The Communications Act requires such a review every 5 years and according to OFCOM, "The time is right...given changing consumer needs in relation to broadcast TV, the increasingly important role of digital TV and the competitive pressures affecting commercial public service broadcasters" (OFCOM, 2004, Annual plan, p 32). The original public service broadcaster BBC continues to enjoy funding from a £130 household license fee, while commercial stations compete for advertising revenue in an increasingly fragmented media marketplace. This arrangement is attacked by commercial broadcasters as archaic and outdated (as well as unfair). Consumers who pay additional subscription fees for multichannel satellite or cable service watch less BBC programming than those equipped to receive only terrestrial signals, and would prefer to have the license fee reduced or eliminated.

OFCOM's review seeks to determine the "extent to which public service broadcasters provide services which when taken together, fulfil the purposes of public

service television broadcasting" (OFCOM, 2004, Annual plan, p 32). The issue of the BBC charter is clearly on the agenda. The background offered for the review also references competitive pressures in broadcasting. Currently viewing of Channel 4 and Channel 5 separately lag far behind viewing for the BBC (1 and 3) and restructured ITV1. Proposals are in play for a merger of government-owned Channel 4 and privately-owned Channel 5 with the merged entity operating under a trust (Gibson, Channel 4, 2004)

At this point in time a number of proposals related to the future of the BBC and Channels 4 and 5 have been made by different parties. In February 2004 an independent group headed by a former Channel 5 executive recommended rolling back the BBC license fee to £ 100 when the current BBC charter ends in 2006, reducing it later to £ 50, and then phasing out the fee completely. Subscription fees would replace the license fee. The BBC is guaranteed independence by a royal charter, but the government controls the license fee that funds the whole enterprise, subjecting the BBC to interference. The proposal for the BBC would transfer the assets of the current BBC to a newly constituted BBC at the start of a new charter in 2007 modeled after that of Channel 4. Under the plan OFCOM would own the BBC and the corporation would operate under an independent board of directors (Gibson, Scrap BBC, 2004). ITV responded to OFCOM's public service review with support for transferring control of the BBC to OFCOM and suggested that while the license fee is still in place the some of the £ 2.7 B generated annually should be made available to other broadcasters Deans, 2004).

The BBC (and Channel 4) are also criticized in the current deregulatory climate because as government owned services they pay nothing for their analog frequencies.

This is viewed as unfair by commercial broadcasters who do pay license fees for spectrum use. At the same time OFCOM wants to advance the date for switching off analog services by starting a phased-in switchover in 2007. OFCOM believes that the government owned services would have greater incentive to complete the transition to digital broadcasting if they were forced to pay for analog spectrum (Gibson, 2004, BBC and C4).

#### Discussion: Balancing Public and Economic Interests

Throughout most of the 20th Century European media and telecommunication policy shared the concept of state control in the public interest. Late in the century policy shifted to a logic driven by digital technology, the phenomenon of convergence, and the pursuit of deregulation and privatization in the (public) interest of providing competition-enabled consumer choice, consumer value, and new services. Van Cuilenburg and McQuail (2003) distinguish between technological convergence and the convergence of industries (which they call economic convergence). "It is because of technological and economic convergence that the idea of 'communications policy' was born ... in the late 20th-century. Ministries of communication were founded and new media laws promulgated. In many world regions, but particularly in Europe regulation of mass media became increasingly connected to telecommunications regulation" as well as to the phenomena of globalization and business transnationalism (197). In the view of van Cuilenburg and McQuail these changes have rendered policy-making a "schizoid" task (195). Governments seek to maintain vestiges of a public interest (media) or public service (telecoms) policy regime that supports media pluralism (access to diverse media,

information, and opinion necessary for an informed citizenry) as well as the general welfare of society (in all areas of communications) and national culture.

Having reviewed efforts to promote media diversity and pluralism within the UK and the other European Union nations, Doyle (2002) reached a similar conclusion. First, she notes that the concept of an EU media market is in reality "an artificial aggregation of the markets of each individual member state" (141). Despite general agreement among political groups on the value of a pan-European policy on media ownership that would limit concentration, policy has become skewed toward the view of industry groups that regulation should favor the economic fortunes of media firms.

Against a background of increasing concerns about the competitiveness of domestic industries, the system of allegiances between national political parties and media industry participants, evident in many member states, has made it virtually impossible for national regulators in the large European markets to buck the general trend towards deregulation (Doyle, 2002, 161).

Even as UK policy-makers were still debating the Communications Act 2003 the two dominant ITV players, Carlton and Granada, announced plans to merge. The deal was approved in October 2003, more than two months before OFCOM's official start-up date of 29 December 2003. The merged entity, now known as ITV plc, operates a re-branded Channel 3 service covering all of England and Wales (but not Scotland, Ulster, or the Channel Islands) called ITV1. The competition implications of the merger received full Competition Commission scrutiny, and in the end, Secretary of State for Trade and Industry Patricia Hewitt lauded the deal as creating healthy competition for the BBC and a growing SkyTV." Acknowledging potential adverse effects associated with the new

firm's 50 percent share of the national television advertising budget, the government asserted that ITV1's agreement to sell to existing advertisers at existing rates for several years (Tryhorn, 2003).

Depending on one's perspective on the balance between public interest and economic interests, the merger of Carlton and Granada stands as either a cautionary tale or evidence of the wisdom of confidence in the careful vetting of mergers by competition authorities will provide adequate protection from abuses.

It is much too early to judge the UK Communications Act 2003 and the policy efforts of OFCOM as success or failure. The implementation of the new Act is an enormous undertaking. Some laud the new approach for its convergence-inspired effort to create policy and regulation that is not technology or medium specific. While that may be the ultimate goal, the Act is still segmented along industry sector lines. It remains to be seen if OFCOM can craft a unified "electronic communications" policy, just as it remains to be seen if the digital convergence, so highly anticipated in the UK, actually develops. According to OFCOM's 2004 -2005 Annual Plan:

A fully digital and broadband world offers the possibility of greater competition and choice in both the provision of networks and in services delivered over those networks. As technology develops, we can look forward to the emergence of new network business models and easier entry for a wide range of service providers, to the greater benefit of citizen-consumers. The opening up of access to radio spectrum via spectrum trading will help reinforce these prospects for competition. (OFCOM, 2004, Annual plan, p 3).

The ongoing implementation of the Communications Acts 2003 holds great significance for both the study and application of media economics and the role of economic analysis in communications policy. OFCOM has been operating for less than a year, therefore the implementation of the Act is still a work in progress. By statute, OFCOM relies on measurement - extensive research, much of it economic-based. Multiple analyses have been initiated (with more to follow) that will result in a contemporaneous body of research, within one nation, examining the economic dimensions of the operation and interrelationships of firms and industries over time.

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