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**Proposals for the Setting of Regulatory Fees
For
Video on Demand Services**

**Joint Consultation by Ofcom
And the
Association for Television on Demand (ATVOD)**

AIME Submission

About AIME (www.aimelink.org)

AIME is a UK based not for profit trade association that promotes excellence in the Interactive Media and Entertainment industry.

We uphold our Code of Ethics and Core Values to create an environment of consumer trust and industry confidence within which our members' commerce can grow. We are committed to furthering the interests of Interactive Media and Entertainment through the regular exchange of information and communication throughout the value chain, effective engagement with regulators and legislators and the presentation of a successful industry image to media.

We are the only UK trade association with membership across all elements of the interactive media and entertainment value chain, which is generally supported by Premium Rate Service (PRS) billing facilities, and our membership represents in excess of 90% of annual industry revenues, which stood at £0.80bn in 2009 within the UK and which, we believe, has the potential to increase to £1.5bn - £2.0bn per annum over the next three years assuming we have a healthy balance of self and formal regulation and that industry is successful in continuing to build consumer trust. Variants of Video on Demand services are expected to be a component of this growth.

AIME encourages its members to focus particularly on consumer care and to recognise that if there is to be sustainable growth in our industry then one area where there must be more investment is in consumer contact as a part of building trust, whether it be dealing with enquiries or complaints. Recent research suggests that, despite their inherent popularity, there is still a significant portion of the UK population that does not use premium rate services due to trust issues in the main.

There is no reason why industry cannot work towards encouraging increased consumer uptake to enlarge the relatively small user base of consumers who do consume premium rate services on a regular basis.

We welcome the opportunity to respond constructively to this Consultation on the setting of regulatory fees in support of ATVOD although we will limit our response to general comments and in particular the commitment for the financial system to cover, and not exceed justifiable costs for the agreed functions of ATVOD.

AIME promotes and abides by the philosophy that consumers who are accurately and openly informed of the nature, content and cost of participation in an interactive service experience are perfectly placed to exercise their freedom of choice and thereby enjoy the most effective form of consumer protection.

Comments

AIME notes that Ofcom will regulate video on demand services that come within the definition of an “ on demand programme service “ under section 368A of the Communications Act 2003 through the appointment of an authorised Enforcement Agency known as the Association for Television on Demand (ATVOD). AIME also notes that while the responsibility for setting fees to meet regulatory function costs is delegated to ATVOD final approval of such costs remains with Ofcom.

AIME is broadly supportive of the proposed flat rate fees structure as the most practical option but offers the following suggestions:

- Regulatory costs and fees structure be reviewed at the end of the 2010-11 period
- Future surplus funds be returned to fees payers if applicable and not accounted as reserves
- An impact assessment is conducted when more complete and reliable market data is available

It is important to emphasise that it remains the responsibility of Ofcom to ensure that this new regulatory agency conducts itself professionally and in a cost effective manner with particular emphasis on the factors listed below.

- Close liaison between ATVOD and the VOD industry
- Fair, transparent and proportionate evidence based regulatory action
- Respect for the need to support and enable innovation and investment
- Minimal interference with legitimate business
- Minimize the potential for confusing regulatory overlap

Finally, AIME congratulates ATVOD on its appointment and offers its assistance as a channel to industry for communication and co-operation for the development and regulation of VOD services.

Statement of Representation

AIME confirms that this response has been compiled following a process of distribution of the relevant Consultation documentation to all AIME members. A list of AIME members can be found at www.aimelink.org/currentmembers.aspx .

The views expressed in this response are a fair representation of the views held by the responding AIME membership. Individual members are actively encouraged to submit their own independent views as they deem fit and at their sole discretion.

Close

We assure you that, as ever, our comments are made constructively and with the intent of achieving an effective, fair and proportionate regulatory regime for Premium Interactive Media and Entertainment services in the UK.

If any clarification to our response is required or if we can be of any further assistance please contact Zoe Patterson at 08445 828 828 or zoe@aimelink.org .

AIME