

PRIME MINISTER'S SEMINAR ON BROADCASTING
MONDAY 21 SEPTEMBER 1987

ANNOTATED
AGENDA

THE FUTURE OF BROADCASTING

There are at present four universal terrestrial TV services (two BBC, ITV and Channel 4) with privileged financial positions and public service obligations in terms of programmes. Some viewers who have subscribed to cable systems or have satellite receivers can obtain other services (e.g. Super Channel or Sky Channel).

Introduction

The Seminar is to be introduced by Professor Sir Alan Peacock.

Delivery of Additional Programme Services (to be introduced by Mr. Richard Hooper, Joint Managing Director, Super Channel)

The technology already exists for the delivery of additional services:

- (a) DBS [Direct Broadcasting by Satellite]
- (b) Other satellite services
- (c) Cable

MMDS
MUDS

What might be added, and in what timescale:

- (d) New "over the air" terrestrial services (e.g. by finding spectrum on the UHF band for a fifth channel and there are also emerging possibilities for MMDS)
[Multi-point, Multi-Channel Distribution Systems]
- (e) In other ways (e.g. via a national fibre-optic telecommunications network)?

10,40

Financing of Additional Programme Services (to be introduced by Mr. Charles Jonscher, Vice President, Booz Allen & Hamilton International (UK) Limited)

The Government has taken the view that new services should be financed without public subsidy, i.e. by advertising and/or subscription, and should advance at a pace determined by the market:

- (a) Will television always be sold by channels rather than by "pay per view" for individual programmes? If so is there some upper limit to the number of channels that advertising and/or subscription will support?
- (b) If the choice is left to the market which delivery mechanisms are likely to be commercially successful, and which might prove unattractive, and in what time scales?
- (c) Should the Government seek to prohibit or restrict the use of some technologies to deliver new services, and to favour others. If so which, why and how?

NB The Peacock Committee saw broad band cable as the most likely way of achieving "a full broadcasting market", reflecting consumer preferences.

- (d) Is there a danger of US dominance if restrictions on foreign material are removed and how might this be countered - e.g. by quotas? Is there a need for restrictions on foreign (i.e. non EC) ownership of media outlets?

Regulation

Corporate Structure

(Violent
Pornographic.)

Wages of ITV.

1092 - 702

Competition with Public Broad

11.25

The Future of Existing TV Services (to be introduced by Mr. Michael Grade, Director of Programmes, Television, BBC)

Prod
Dance

So far as the BBC is concerned:

Programme
Rev

Public Service Programmes
One source of income

(a) The Government have accepted the recommendation of the Peacock Committee for the indexation of the licence fee;

T.V. under law.
Public Service Programme

→ Public Co. → Local Gov.

(b) The recent consultants report suggests that subscription might be introduced gradually but could not readily replace the Licence Fee.

Can the BBC continue to be financed primarily by the Licence Fee when the number of other channels available to the viewers increases?

So far as the ITV system is concerned the Government is considering the Peacock recommendations on:

(a) Auctioning of contracts;

Min. level of standards

(b) Separation of Channel 4.

Non-profit making

(c) News Services.

ITN. World Service

UPITN.

On both BBC and ITV the Government is determined to see at least 25 per cent of original material provided by independent producers.

→ Risk Capital.

Are these, or other, measures the right ones to introduce more competition and cost consciousness into what Peacock called the comfortable duopoly? (This question to be introduced by Mr. David Graham, Executive Producer, Diverse Production Limited.)

higher pay as who know - 4 -
● value for money.

Jeremy Isaacs -
do a work on
Arts Council for the
Area.

Public Service Broadcasting (to be introduced by Mr. Jeremy Isaacs, Chief Executive, Channel 4 Television)

At present both BBC and ITV have obligations to educate, inform and entertain which affect both the range of programmes produced and their scheduling. Would the public service obligations, including those to minorities, survive in practice if the BBC had smaller audiences and ITV faced more competition for advertising revenue? If not, is the right Government response in the long run to establish a Public Service Broadcasting Council, as Peacock recommended, to disburse funds to public service programming (defined to mean programming which citizens (as tax payers) might wish to be available even though, as consumers, their collective actions in the marketplace will not bring it into being)?

Review low
narrow view
of
P.S.B. Council
Broadcasting

Regulation of Programme Content (to be introduced by Mr. John Whitney, Director General, Independent Broadcasting Authority)

1984 - High quality &
high financial standards

The 1984 Act sought to provide a light regulatory touch for new services. Is this adequate to ensure maintenance of standards (e.g. on sex, violence and fair reporting)? If so, do the same regulations need to apply to all new services? Does this require a single new agency incorporating the functions of the Cable Authority, and of the IBA in relation to any new satellite services and to independent radio? Are new arrangements needed to ensure the maintenance of standards on existing services?

Schiller, James / (Cable - Subtitle)

~~DRAFT~~

STEERING
BRIEF

Prime Minister

BROADCASTING SEMINAR : 21 SEPTEMBER

The agenda, but no other documents, has been circulated to all those attending. This note makes suggestions about timing, and about whom you might invite to express views on particular items.

→ ? 10:05 Introduction

Following your opening remarks Professor Peacock will initiate the discussion. Those present will be familiar with his views, and some will want to comment on, or take issue with, them. This might take too long, and you may wish to suggest that it would be more convenient to move at once to the main agenda.

→ ? 10:15 Delivery of Additional Programme Services - see Note A

Mr Hooper will introduce this item. Lord Young (or Mr MacDonald) could then, if you wished, present the Government's assessment of the availability of spectrum, of the prospects for a fifth channel and (given new equipment) for MMDS. Mr Jonscher and others may want to challenge or ask questions about that assessment. This is not the occasion for a detailed argument: such arguments on technical practicalities should take place separately with DTI engineers.

| On other delivery methods listed on the agenda, Mr Grist or Mr Holt can speak about DBS, Mr Jackson about other satellite services and Mr Mellersh about cable.

Some questions for discussion are at the end of Note A. The likely conclusion of this part of the seminar is that while the timescale remains very uncertain, the technical ways of ending spectrum scarcity for television (as well as radio) are in sight.

The next item therefore asks questions about the response of the viewer, the market and the Government.

→ ? 10:40 Financing of Additional Programme Services - see Note B. Mr Jonscher will introduce this item. Both programmes and advertising will be needed to get new services started. Mr Birchall and Mr Price can comment on the supply of programmes and Mr Johnson on the size of the advertising market. Mr Gordon could be asked about the likely effect on independent radio. Others who will want to contribute include Mr Grist and Mr McCall.

The key question is that at (c) on the agenda. Should the Government favour some technologies over others? Professor Peacock has said he sees cable as the technology to be favoured. Do others agree?

→ One possible conclusion of the discussion is that the Government should be chary of itself trying to pick winners.

? 11:15 If time allows of a discussion of (d) on the agenda - the danger of US dominance - Mr Grade has recent experience of US television.

Coffee
→ ? 11:25 future of existing TV Services - see Notes C and D

Mr Grade will introduce most of this item. Mr Graham will then introduce the particular question of competition and cost consciousness.

Sir Ian Trethowan can contribute the views of a former Director General and Mr Green that of an outside observer. The main focus of discussion should be on (b) on the agenda: the possibility of enabling the BBC to obtain income from subscription to encrypted programmes.

Mr McCall can speak for the ITV companies and Mr Brown specifically for one of the smaller companies. It might be interesting to have Mr Birt's view of the relative efficiency

of the BBC and of LWT. Mr Darlow could give a further outside comparison.

You will want to stress the importance of the Government's manifesto commitment to independent producers, and its determination to see that the ~~ITV~~ companies do not abuse their monopsony in purchasing programmes. Some points for discussion are at the end of Note D.

? 12:15 Public Service Broadcasting - see Note E

Jeremy Isaacs will introduce this section.

Mr Isaacs is likely to argue that the emphasis on technology and finance may be at the expense of the viewer. This raises two questions. Has the existing system served the viewer as well as its supporters believe - Mr Mellersh may express doubts - and, even if it has, can it survive? Mr Whitney and Mr Jonscher are among those who may want to contribute to this part of the discussion. If time allows Professor Peacock could usefully expand his Committee's reasons for wanting to see a Public Service Broadcasting Council. Other points for discussion are at the end of Note E.

Regulation of Programme Content - see Note F

John Whitney will introduce this section.

We assume that discussion of this final set of questions will take place over lunch.

There are two separable though related questions. First, the right regulatory structures for new services, and second the adequacy of the means of enforcing the obligations laid on the regulatory authorities.

On the first point, following Mr Whitney's introduction, you might seek the view of Mr Mellersh, Mr Gordon and Mr Grist on the approach of the IBA compared with that of the Cable

Authority.

On the major issue of standards the Home Secretary will draw attention to the Manifesto commitment and articulate his concerns about violence on television. Mr Grade and Mr Nicholas might respond. Looking beyond the UK's programme service, but equally available on TV screens, are satellite programmes from Europe, on which Mr Green might comment and films available for video recorders on which Mr Bevan might comment.

You will want to emphasise your personal concern, and that of the Government, that neither lighter regulation nor the availability of additional services should mean greater licence (e.g. for "adult" films) or more gratuitous violence.