

SUBJECT

J. Barclay  
M J Moriarty, HO

pa  
(DBS file)  
DBS  
17/2

1cc DP  
CC MASTER

NOTE FOR THE RECORD

Prime Minister's lunch with Independent Television Companies Association Limited at 56, Mortimer Street, London W1, on February 15, 1984.

The list of those present is at Annex I. Bernard Ingham, Chief Press Secretary, accompanied the Prime Minister.

Paul Fox, chairman of the Council, said that the Association wished to discuss the Direct Broadcasting by Satellite venture and their worries about the project as it was emerging from their discussions with Mr Jeffrey Sterling and the BBC. Essentially their concern was the problem of raising £200m to finance their share of the venture when there would be no more than one year of franchises to run before they had to compete for their renewal in 1989.

He and others assured the Prime Minister, in response to her direct question, that they were keen to go into DBS because they saw this as the future for television. But they were cautious because they needed a longer term horizon than six years (1984-1989/90) in entering into a long term financial commitment. The IBA could not, under present legislation, simply extend those licences to, say, 1993-94 in order to get DBS started.

Mr Fox emphasised that the terms of their present franchise were the companies' main concern. They believed that if they could get DBS started they could market it with the BBC whose attitude in the talks had been a revelation.

Mr Bryan Cowgill (Thames) said that for the first time in 30 years BBC and ITV had built a bridge between public service and commercial broadcasting. All that the commercial companies were seeking in order to finance "TV in the sky" was a guarantee of some seven years.

Mr David Plowright (Granada) floated the idea of a "yellow card" system. This would replace the requirement to compete for a renewal of their franchise in 1989 with a system under which the IBA issued a warning that the individual company was in danger of losing its licence if its performance did not improve.

Under questioning by the Prime Minister, some companies protested that they were not suggesting that the yellow card system should indefinitely replace the need to re-compete for their franchise. Others frankly admitted they would prefer a permanent yellow card system, notwithstanding the uncertainty, because they believed they were sufficiently effective to stay in business.

In answer to further prompting by the Prime Minister, who said she must provide an opportunity for newcomers to break into the TV business, the companies suggested there would be openings in Cable TV and in increased scope for programme production arising from Channel 4.

The luncheon concluded at 2.40pm with a request to Mr Fox by the Prime Minister for clarification in writing of what the companies are seeking, taking into account:

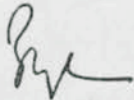
- (i) their need for greater assurance about their franchises beyond 1989 in order to raise £200m for DBS;
- (ii) their desire for the IBA to have discretion in the continuation of franchises beyond 1989;
- (iii) her requirement that there must be a competitive spur to the industry arising from the opportunity for newcomers to break into ITV.

Mr Fox promised an early paper.

Other issues dealt with in the course of the meeting were:

- the companies had no complaint about the C-MAC system; it was the best;

- company satisfaction with Channel 4; the companies said they would not like to see it tinkered with and much preferred a Channel 4 on which they could sell advertising than a Channel 4 competing with the ITV companies for advertising business; the Prime Minister said she believed the Government had got Channel 4 wrong - she wanted two BBC Channels and two independent commercial channels;
- programmes; the Prime Minister said Saturday evening programmes were "diabolical".

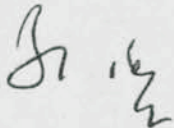


B. INGHAM

16 February 1984

Note and Comment

The companies spoiled a superficially good case for greater security of franchise in order to finance DBS by revealing that they had not thought through their ideas. ITCA subsequently admitted that the idea of a "yellow card" system had been advanced unrehearsed. I strongly urged them to get their act together on a discretionary system operated by IBA. Mr David Shaw, general secretary, told me later that the companies had gone away to think over what had been said at lunch, but hoped to write to the Prime Minister on Friday, February 17.



Mr Paul Fox	- Chairman of Council and Managing Director of Yorkshire Television
Mr Robert Phillis	- Managing Director of Central
Mr David Plowright	- Managing Director of Granada
Mr Bryan Cowgill	- Managing Director of Thames
Mr David McCall	- Chief Executive of Anglia
Mr James Graham	- Managing Director of Border
Mr Ken Killip	- Managing Director of Channel
Mr Alex Mair	- Chief Executive of Grampian
Mr Ron Wordley	- Managing Director of HTV
Mr William Brown	- Managing Director of Scottish Television
Mr Andy Allan	- Managing Director of Tyne Tees
Mr Desmond Smyth	- Managing Director of Ulster
Sir Brian Bailey	- Chairman of TSW
Mr Timothy Aitken	- Chief Executive of TV-am
Mr Vic Gardiner	- General Manager of LWT
Mr David Shaw	- General Secretary of ITCA
Mr Ivor Stolliday	- Secretary of ITCA

Apologies for absence have been received from Mr Brian Tesler, Chairman and Managing Director of LWT. Mr Vic Gardiner will be taking his place.

/...

Knighton House, 56 Mortimer Street, London W1N 8AN.  
Telephone: 01-636 6866. Telex: 262988

Registered in England as a company limited by guarantee: No. 603893