

PRIME MINISTER

SEMINAR ON BROADCASTING POLICY

Your Broadcasting Seminar is scheduled for Monday 21 September and it would be helpful to have your guidance on the proposals below.

I suggest that you might open the Seminar and then invite Alan Peacock to speak for, say, ten minutes, setting out the background. He is not a particularly good speaker, but there is a need for someone to give an over-view at the start and he is probably the best person available to do it. His report is also the starting point for much of the Seminar.

The Seminar would then be divided into sections, along the lines of the agenda attached. Each section would be introduced for five to ten minutes by the person mentioned on the agenda. (I also attach a list of those attending the Seminar.)

You will see that the agenda divides broadly into three parts:
① the technology and financing of new services, ② the future of existing services, and ③ regulation. I envisage that regulation of broadcasting would be discussed over lunch. The agenda deliberately does not cover radio or data services: there is enough to do to discuss television.

The agenda would be circulated in advance, with the guest list.

I suggest that a record of the Seminar should be taken by the Home Office, but it should be made clear that this was for the Government's own information, and that it would not be made available to Seminar participants or more generally.

There is a great deal to discuss and many of the participants are likely to be voluble. The Seminar might start at 1000, with a ten-minute break for coffee at 1130, drinks before

lunch at 1300 and lunch at 1315. The Chief Whip has kindly agreed that the Seminar can be held in No.12 so that we can have drinks in the Pillared Room and move into lunch in the State Dining Room.

There are too many people to fit round a table for the Seminar itself, so I suggest an arrangement similar to the Crime Prevention Seminar, with yourself, the Home Secretary, the Secretary of State for Trade and Industry and Mr. Hyde (Home Office) in front, and everyone else on chairs facing the platform.

There are also too many people to use the ordinary large table in the State Dining Room, but everyone can fit round tables arranged in a rectangle, as for your meal with Scottish editors.

GHF have offered a choice between liqueurs and an ordinary port after lunch, or a better port without liqueurs. Which would you prefer?

Neither

The Home Secretary is out of London for almost the whole of next week, but I have arranged a briefing meeting with Lord Young, Mr. Renton and others. The Home Secretary might come in for fifteen minutes before the start of the Seminar itself, so that you can discuss with him any last minute questions.

Sir Jeffrey Sterling has asked whether he might attend the Seminar, in his capacity as a member of MISC 128. However, of members of MISC 128, only Mr. Hurd and Lord Young are being invited. Would you wish Sir Jeffrey to be present?

Yes

Are you content with these arrangements?

JRW

David Norgrove

7 September 1987

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).

Delivery of Additional Programme Services (to be introduced by Mr. Andy Birchall, Chief Executive, Premiere)

The technology already exists for the delivery of additional services:

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

What might be added, and in what timescale:

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

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

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?

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

So far as the BBC is concerned:

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

- (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;

- (b) Separation of Channel 4.

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

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 Productions Ltd.)

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

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)?

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

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 ~~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?

Asat 8/9

BROADCASTING SEMINAR
MONDAY 21 SEPTEMBER 1987
GUEST LIST

Sir Ian Trethowan	Chairman, Thames Television
X Mr. David Graham	Executive Producer, Diverse Productions Limited
Mr. David McCall	Managing Director, Anglia Television
X Mr. Richard Hooper	Joint Managing Director, Superchannel
X Mr. Charles Jonscher	Vice President, Booz Allen & Hamilton
Professor Sir Alan Peacock	
Mr. Michael Darlow	Independent Access Steering Committee
Mr. John Birt	Deputy Director General, BBC
Mr. Andy Birchall	Chief Executive, Premiere
Mr. Graham Grist	British Satellite Broadcasting Board
Mr. James Gordon	Managing Director, Radio Clyde
X Mr. Michael Grade	Director of Programmes, Television, BBC

Mr. David Nicholas	Editor & Chief Executive, Independent Television News Limited
Mr. William Brown	Chairman, Scottish Television
X Mr. John Whitney	Director General, IBA
X Mr. Jeremy Isaacs	Chief Executive, Channel Four
Mr. John Jackson	Chairman, Television Servicers International Limited
Mr. Tim Bevan	Working Title Limited
Mr. R. W. Johnson	Marketing Services Director, Proctor & Gamble
Mr. Michael Green	Chairman, Carlton Communications plc
Mr. Richard Price	Richard Price Associates - film producer
Mr. John Holt	Space and Communications Division, BAe
Mr. Nicholas Mellersh	Director, Cable Television Association

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Home Secretary

Secretary of State for
Trade and Industry

Mr. Timothy Renton, MP

Home Office

Mr. J. W. Fairclough

Chief Scientific Adviser

Mr. Alastair Macdonald

Department of Trade and Industry

Mr. W. N. Hyde

Home Office

Mr. N. Sanderson

Home Office

Mr. A. Langdon

Cabinet Office

Mr. Nigel Wicks

Professor Brian Griffiths

Mr. Bernard Ingham