



THE CABLE TELEVISION ASSOCIATION

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22nd September 1987.

David Norgrove Esq.,
10, Downing Street,
LONDON
SW1A 2AP.

Dear Mr. Norgrove,

It was a privilege to attend the Prime Minister's Seminar on Broadcasting and to be able to make an input into government thinking on the subject. I now have pleasure in enclosing a note amplifying the remarks I made, together with one or two further points.

Yours sincerely,

Nicolas Mellersh

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DIRECTOR.

Encs.

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PRIME MINISTER'S SEMINAR ON BROADCASTING

NOTE BY THE CABLE TELEVISION ASSOCIATION.

1. Introduction.

The intention of government in establishing cable was to provide additional entertainment services and to provide competition at the local level in telecommunications. It has already been proved that there is undoubtedly a market for multi-channel television, and the first steps are being taken to establish telecoms services on cable networks.

2. MMDS.

Inadvertantly, cable operators (and government) have established an industry which is technology led. Cable operators are not, or should not be, in the technology business. Their business is that of retailers of multichannel television and telecoms. The customer is not remotely concerned with how the services are provided, and thus operators should have the freedom to utilise appropriate technologies to service the various sectors of their markets.

Currently, the most promising additional technology is MMDS (Multipoint Microwave Distribution Services). The great benefit of "wireless cable" is that it enables the operator to reach practically all of his market from day one, instead of having to take four or five years to build a cable system to do so. An inevitable consequence of using MMDS is that some cable will be installed, in blocks of flats for example, or to reach homes otherwise without direct line of sight to the transmitter. The maximum capacity of an MMDS system is some 10 or 12 channels, which represents a significant expansion of consumer choice. The existing operators believe that, while this extra choice will be welcomed, there is an even better business in providing the much greater range of channels that currently only broadband cable can provide. If the existing pioneer operators demonstrate that this is indeed the case, it can confidently be predicted that MMDS operators will gradually replace their systems with broadband cable.

At the moment, the only practical method of providing telecoms services to business and industry is on broadband cable, so it is also likely that in parallel with MMDS for the domestic market, broadband cable will be installed to service the commercial sector, and thus to provide competition to BT.

It cannot be emphasised too strongly that a range of extra channels is what the consumer wants, and the industry believes it would be a great mistake to introduce single channel MDS to service cities. It seems very problematical whether a sufficient number of consumers would be prepared to invest in the receiving equipment (at around £100) if only one extra channel was available. MMDS on the other hand could be an ideal system by which to distribute a city channel along with others.

MMDS is also an excellent way of widening consumer choice in small towns and rural areas which it is unlikely ever to be economic to cable. It is quite probable that in such areas it will be possible to find available frequencies when it may not be possible to do so in some city locations where the frequencies may be more intensively used.

The one caveat to be put forward is that it would be unwise to introduce MMDS in competition with cable, for both systems would be likely to perish. The geographic monopoly of the operator needs to be preserved, at least for the foreseeable future.

3. Satellite Broadcasting.

At the moment there is no direct supervision of satellite services such as Super Channel, Sky or Premiere. The only regulatory framework that exists is that of the Cable Authority which supervises channels carried on cable networks. It exercises an appropriate "light touch" which has been demonstrated to work well over the past two and a half years since the Authority was established. However, supervision of these channels is at second hand via the cable operator, and there is no mechanism in place to supervise channels aimed at direct home reception. Given the need for all European countries to have responsibility for satellite services uplinked from their territories, it would seem sensible to increase the remit of the Cable Authority to include all satellite broadcasting. It is proposed this should also include responsibility for BSB, which will avoid the inevitable conflicts of interest that will arise within the IBA as it tries to reconcile the interests of BSB with those of the ITV companies with which it will be competing.

4. Taste and Decency.

The cable industry has always been subject to the Obscene Publications Act, and has paid great attention to developing its own code of practice on matters of taste and decency. It has been successful in avoiding causing offence to its audience as witnessed by the fact that the Cable Authority has not yet received one single complaint.

Given the existing powers of the Authority over cable - and satellite services generally if its remit is widened as suggested in 3. above - there should be little problem in ensuring the maintenance of standards on British services.

The problem is more difficult with foreign channels, and the industry supports very strongly the government's determination to reach an appropriate Council of Europe agreement, as well as the Prime Minister's proposal to take action against advertisers on foreign satellite channels of an excessively violent or pornographic nature.

5. BSB.

Under current regulation, BSB has a privileged position vis a vis cable in that it is classified as a "must carry". The industry looks forward to taking BSB's services, but believes it should be able to negotiate freely to do so. Further, the current status of BSB's services at the moment is that of "unlicencable" which means that no licence is required for distribution of the channels in blocks of flats even inside cable areas. The industry regards this status as unfair competition and looks forward to this special protection being removed.

6. Investment.

There should be no artificial restrictions on investment and the current limits on non-EC investment should be removed.

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