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PRIME MINISTER

MINISTERIAL GROUP ON BROADCASTING SERVICES
OPTIONS FOR NEW PROGRAMME SERVICES: MISC 128(88)7 and 8
BROADCASTING WHITE PAPER: MISC 128(88)6

DECISIONS

The main aim of the meeting will be to decide

- i. whether to instruct the Official Group to put in further work on the Trade and Industry Secretary's latest proposals for additional services, and rearrangement of existing services; and
 - ii. whether a Broadcasting White Paper before the summer recess is still a realistic aim.
2. If the meeting should decide that Lord Young's proposals should not be pursued, then the Home Secretary's earlier proposals (MISC 128(88)5) will need to be considered at a further meeting.
3. You may also decide to use this meeting to question not only whether a White Paper can be produced by July, but also whether the Group should reconsider its earlier decision to have separate Broadcasting Bills in each of the next two sessions. It would be technically possible for all this legislation to be postponed until the 1989-90 session.

BACKGROUND

4. At the last meeting, on 21 April, the Group decided that the UK should bid for the allocation of additional direct broadcasting

by satellite (DBS) channels, with preference for those that would be capable of being received on the same equipment as would be needed to receive BSB services. The Group also decided that the possibility of an additional VHF channel need not be pursued further. The remaining possibilities were new MVDS services (on a regime that would need to be worked out) and/or a fifth UHF commercial channel, either national or regional.

5. The paper that the Home Secretary had put into the last meeting (MISC 128(88)5) suggested that the main considerations in deciding on new services should be the impact that they would have on BSB (which is currently scheduled to start in October 1989) and the question whether new services should be required to operate under public service broadcasting (PSB) requirements. The Home Secretary suggested that the earlier that additional services were authorised to start, the stronger the case for imposing PSB requirements on them. But the Group did not go on to consider these questions (which lead to various questions about the appropriate supervisory authority etc), since you only intended the last meeting to be a "second reading" discussion. At the end of the meeting Lord Young said that he was developing some further thoughts about the way in which the spectrum might be used more efficiently, and you invited him to bring these forward, in consultation with the Home Secretary.

6. As you know, Lord Young's paper (MISC 128(88)7) only emerged in its final form today, though earlier drafts had been seen by other departments over the weekend. The Home Secretary's paper (MISC 128(88)8), commenting on Lord Young's proposals, was only seen late this afternoon, though the Home Secretary had earlier circulated a paper (MISC 128(88)6) reminding the Group of the need for decisions on various topics if he was to reach his target of a White Paper before the summer recess.

7. Given this late emergence of very radical ideas, you will probably want to use this meeting as an occasion to take stock of where the Group now stands, and to take a preliminary view on the main issues that Lord Young is raising. Since the working up of

any new policies would clearly have an impact on the timing of a White Paper, you may wish both items on the agenda to be drawn into a single discussion. This brief therefore covers both items.

MAIN ISSUES

a. The Trade and Industry Secretary's proposals

8. Lord Young's new proposals rest on three main arguments -

a. that the need for additional television advertising outlets has been under-estimated;

b. that the requirement of universal coverage, imposed on all four present (public service broadcasting) channels, is wasteful of UHF spectrum; and

c. that DBS satellite broadcasting is inherently the most suitable mode for national services.

9. Lord Young therefore proposes that BBC 2 and Channel 4 should be required to shift from terrestrial to DBS broadcasting in 1993 or 1994, thereby releasing their present UHF frequencies for allocation to new, advertising-financed, services. There might be four or five of these, depending on the geographical coverage that was aimed for. Lord Young also proposes that the fifth UHF channel with 70% coverage, outlined at the Group's last meeting, should go ahead in any event in 1992. This is the earliest practicable date within the spirit of the undertaking that the Government has given to BSB.

10. On MVDS, Lord Young notes that the possibility of MVDS broadcasting in the 12GHz band cannot be settled until we know the outcome of our application for additional DBS services. He is also influenced by the extra clutter on rooftops that would be created by MVDS dishes (which would be twice the size of those needed for DBS reception). He therefore proposes that, for the time being, MVDS should be limited to operating in the

2.5GHz band, as an ancillary to cable franchises, and with dishes being restricted to a few prominent sites.

11. These new ideas clearly expose a wide range of questions that would need to be considered in detail if the proposals are to be taken any further. All the technical assumptions would need to be probed. The costs of transferring BBC2 and Channel 4 to DBS would need to be established, and acceptable ways worked out for meeting the cost. As for MVDS, the Group would need to consider whether the proposal to use this technology solely in support of cable was compatible with the philosophy of 'technology neutrality' which at first sight seems to condemn such arbitrary constraints. The Official Group (MISC 129) would be the obvious machinery for looking at these issues in detail.

12. However, the dominant question is whether it would be politically feasible to transfer BBC2 and Channel 4 to a different broadcasting medium in the way Lord Young proposes, and it is this issue on which the Home Secretary's paper concentrates.

b. The Home Secretary's comments

13. The Home Secretary's central point is the problem of requiring people to invest in a new £200 dish in order to go on receiving two high-quality services that they currently perceive as free. He points out that this cost would bear especially hard on pensioners, for example. He also believes that a transfer to DBS broadcasting would, in the event, exclude a number of people who lived in accommodation where dishes could not be installed. In short, he fears that the complaints from the losers would drown the expressions of gratitude from those who welcomed the change.

14. Second, the Home Secretary believes that transferring Channel 4 to DBS would reduce its audience and finance, and prejudice its remit. Third, he does not believe that the transfer to DBS could be accomplished without a considerable injection of public money.

15. In essence, there is a direct conflict between the Home Secretary and the Trade and Industry Secretary on two basic principles. Up to this point the Group have assumed, first, that the Government should adopt a "hands-off" attitude to DBS broadcasting, which should be a purely commercial venture competing in the market place; and, second, it has been assumed to be politically essential for existing services to remain receivable by viewers on their existing equipment. The Trade and Industry Secretary would overturn both assumptions, while the Home Secretary would say that both assumptions are right. The Home Secretary is, however, prepared for further work to be put into Lord Young's proposals, without commitment.

c. A White Paper

16. The Home Secretary circulated his paper MISC 128(88)6 simply to remind the Group that time was running out for the preparation of a White Paper to be published before the summer recess, and that the main decisions would now need to be taken very soon if he was to keep to that timetable. Lord Young suggests that the White Paper could be allowed to slip, in order to give time for his proposals to be worked up, and the Home Secretary has ended up by asking that the whole question can be considered at tomorrow's meeting.

17. If further work is commissioned on Lord Young's proposals, then time is indeed getting very short for a White Paper to be published before the summer recess. Even if the Group should decide on a simpler approach to additional services than Lord Young advocates, you may think that a July White Paper would put unnecessary pressure on you and the Group at a time when there are many other heavy preoccupations. At the least, therefore, you may wish the Home Secretary to accept that the White Paper should not be published until the Autumn.

18. You may, however, wish to take the matter further than that, and question the whole timetable to which the Group is currently committed. As you will recall, the idea of having two separate

Broadcasting Bills, with a White Paper this summer, was agreed at the meeting of 28 October (MISC 128(87) 3rd Meeting), where it was supported both by the Home Secretary and the Trade and Industry Secretary. The main argument for bring forward some legislation in the 1988-89 session was simply that there was now a high expectation of action, and that it would be unsustainable to go through until the 1989-90 session without bringing something before Parliament.

See
separate
paper
at the top
of the
order.

19. Against that, however, the Lord President has recently approached your office about the dispositions that would need to be made to accommodate a Student Support Bill next session, if E(EP) decided in favour of that. The Lord President commented not only that the first Broadcasting Bill appeared to be the only measure that could be deferred to make room for Student Support, but also that he doubted whether it would be tactically wise to promote broadcasting legislation in two consecutive sessions, with a White Paper at the outset. In his view, there was a risk that the first Bill would become a prey to amendments drawn from the White Paper, and the whole exercise could be very difficult to manage.

20. The logical conclusion of the line of thought indicated by the Lord President is that the Government might do better to have a single large Broadcasting Bill in the 1989-90 session, with a White Paper not published excessively far in advance of that. Final decisions on this do not need to be made yet, and you may want to wait until the Student Support Bill is settled before you force the issue to a conclusion. (E(EP) is currently due to consider Student Support on 19 May, though preparation of the papers is proving difficult.) Nevertheless, you may wish to use tomorrow's meeting to probe with the Home Secretary how necessary it is to have a separate first Bill on radio policy, and to test with him and the Trade and Industry Secretary what they could do to damp down expectations in the media about a fairly early statement of Government policy on broadcasting.

HANDLING

21. You may wish to begin by saying that you intend to have a single discussion on both additional programme services and the timing of a broadcasting White Paper.

22. You may then wish the TRADE AND INDUSTRY SECRETARY to introduce his paper, and the HOME SECRETARY to speak to both the papers that he has circulated.

23. The CHANCELLOR OF THE EXCHEQUER will have views generally, and in particular on the financial implications of transferring BBC2 and Channel 4 to DBS.

24. The WELSH SECRETARY may wish to emphasise the importance of maintaining the S4C service on UHF.

AJL

A J LANGDON

4 May 1988