

SUBJECT cc Mante



file DS2APZ

bc = BG
MLB

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

4 April 1989

BROADCASTING

Mr John Wheeler MP came to see the Prime Minister today, in his capacity as Chairman of the Select Committee, to discuss the proposed broadcasting reforms. He spoke very much in the terms already set out in his letter to the Prime Minister of 17 February, for which you had kindly provided briefing with your letter of 6 March to Andy Bearpark. Mr Wheeler said that the Select Committee had today published the last of their planned detailed reports, covering the position of Channel Four. He felt it was essential to "fill a pot hole" in the White Paper by identifying a practical method of preserving the Channel Four remit. He believed that the Select Committee's proposal did just that and, although he did not want to take time at the meeting to elaborate the idea, he commended it to the Government.

Continuing, Mr Wheeler said he wished to concentrate his comments on the position of the BBC. He strongly wanted to see the BBC become more directly accountable to consumers, more responsible and more efficient, and he supported the longer term objective of shifting its financing over to subscription. He was optimistic that this process could be achieved under the present leadership, and there were already encouraging signs. However, the timing of changes was crucial, and it would be a mistake to move too quickly in some directions. He felt that the argument of accountability had to be won by stealth. And it was important to bear in mind that the Charter had to be reviewed in any event by 1996; that could be the opportunity to introduce substantial changes if, by that time, the consumer had been gradually prepared for a different approach, and the BBC had been given the right incentives and encouragement to go out and market their services.

Against that general background, he was concerned about the White Paper proposal to deprive the BBC of the night hours on one of the channels; it was too soon to make this move. This and other moves towards subscription should only be made when technology had been further developed, the BBC was more fully geared up and it was clearer how the market was developing. On this last point, his own view was that

fm

satellite television would face major competition from the video industry, which might offer substantial cost advantages to consumers compared with subscription based satellite services; this was a particular reason for caution before pushing the BBC too quickly towards subscription.

Mr Wheeler also pressed his argument that the required processes of change within the BBC would be encouraged if non-payment of the licence fee was changed from the criminal offence to a civil matter. On this point, the Prime Minister responded to question the argument in Mr Wheeler's letter that the licence fee was good value for money; it had to be remembered that the fee was a form of compulsory levy. She recognised the argument in favour of ending the criminal offence, but stressed that there were practical difficulties to be overcome in coping with non-payment if this became purely a civil matter; it was not possible, for example, as it was with some utilities simply to cut off service to non-payers. Mr Wheeler responded that civil debt collection procedures would be effective, and would help to improve the accountability of the BBC.

In conclusion, the Prime Minister thanked Mr Wheeler for coming to see her to explain his views.

I am copying this letter to Nigel Thornton (Department of Trade and Industry) and Anthony Langdon (Cabinet Office).

PAUL GRAY

Miss Catherine Bannister
Home Office