



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

The Rt Hon David Waddington QC MP  
Home Secretary  
Home Office  
50 Queen Anne's Gate  
LONDON  
SW1H 9AT

15 November 1990

*Dear David,*

**BROADCASTING OWNERSHIP**

*WITH B?*

I have seen a copy of your letter of 1 November to Peter Lilley setting out the contents of the Order you propose to make on rules governing license ownership. I have also seen Peter's response.

I know that you are well aware of the importance attached in Scotland to retention of a strong regional broadcasting structure and indeed the recent announcement by the shadow Independent Television Council that it intends advertising 3 Channel 3 licences in Scotland has been welcomed. As you know, there has always been a fear that Scottish Television would take over the Grampian Television area and that the quality of regional programmes in the North of Scotland would suffer as a result. I am sure that it was for this reason that Robert MacLennan's amendment to the Bill preventing the designation of the whole of Scotland as a single licence area was so warmly received.

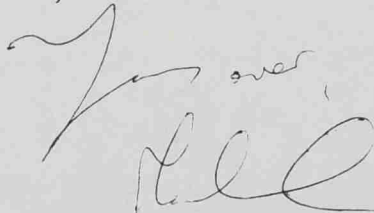
While I accept that the provisions on regionality have been strengthened considerably during the Bill's passage, I am not convinced that they are strong enough to ensure that a bid from a contiguous company would produce anything more than a very basic regional service. Taking local radio as an example, I know that when Radio Forth took over Radio Tay (a contiguous ILR franchise) it promised to retain Tay's regional identity and to reflect this in news and current affairs programming. In the event this has not happened and the listeners in Tayside now have a poorer service than the one they enjoyed in the past.

I am also keen to ensure that no single company owns both the Scottish and Grampian area licences. As you know, I am to fund 200 hours of Gaelic television on Channel 3 from 1993 and I want to see competition between the 2 relevant Scottish Channel 3 companies for money from the Gaelic TV Fund.

For these reasons I cannot support the removal of the contiguity rule. Your proposal to designate 9 of the 15 regions as "large" will no doubt

come as an unwelcome surprise to a few of the existing major ITV companies. Nevertheless, I see merits in what you propose, particularly with regard to the future of the Scottish Television area, and I accordingly support your proposal. I take Peter's point about the prospect of increasing competition, but there are limits to our ability to predict accurately the factors bearing on the industry in the future and I think we should act to avert the more certain and immediate risks. For me that has to mean acting to avert the ownership by bid or takeover of the Scottish Television area by a large company based in England. It could be that the creation of the 6 economically strong licensees which Peter argues for will simply perpetuate the dominance of the main commercial channel by the "major" companies. I had thought that this was contrary to our intentions.

I am copying this letter to the Prime Minister, to other members of MISC 128 and to Sir Robin Butler.

A handwritten signature in dark ink, appearing to read 'Malcolm Rifkind', with a stylized flourish above the name.

MALCOLM RIFKIND

