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Peter

BROADCASTING BILL: THE NORTHERN IRELAND LICENCE

I have been considering in the light of the recent correspondence from the Chairman of Ulster Television, which you kindly copied to me, whether we need to make any special provision in the Broadcasting Bill in relation to the Channel 3 (ITV) licence which will cover Northern Ireland.

Our proposals for the award of Channel 3 licences under the new regime envisage that the Independent Television Commission (ITC), the new licensing and regulatory body for commercial television, will have the responsibility (as the IBA has now) for determining the number and size of the Channel 3 regions. Licences will be awarded by competitive tender to applicants who will first have had to demonstrate that they can pass a stiff quality hurdle. Other than in exceptional circumstances the ITC will be required to award the licence to the highest qualified bidder.

In considering the application of these arrangements to the particular situation of Northern Ireland, there are I think three main issues which we need to address. First, whether it would be right to specify that Northern Ireland must be advertised as a separate licence area; second, whether there should be any special financial support arrangements to guard against the possibility that a Northern Ireland licensee might subsequently get into financial difficulty; and third, whether we need to impose any restrictions on the ownership of the Northern Ireland licence, over and above the restrictions which will apply generally to Channel 3 licences.

As a general comment, I should first say that I would prefer to avoid treating the Northern Ireland licence in a way which suggested that Northern Ireland was a special case. I do not think that it would serve the interests of good government in Northern Ireland to do this; and there is a risk that any special treatment for Northern Ireland will have knock-on effects for other licence areas, particularly in Scotland, for which similar treatment might also be claimed. We are also taking power in the Bill for the Secretary of State to disallow the award of a licence to an applicant whose funding appeared to come from terrorist or other undesirable sources.

The Rt Hon Peter Brooke, MP.
Secretary of State for Northern Ireland
WHITEHALL, S.W.1.

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On the question of the future of the existing Northern Ireland franchise area, it seems fairly certain that the ITC will continue to treat Northern Ireland as a separate licence area. There is clearly a strong political and social case for doing so and George Russell, the Chairman-designate of the ITC, had indicated that he sees merit in retaining the existing franchise areas if at all possible. It seems to me, therefore, that there is no reason to contemplate including in the Bill a provision requiring there to be a separate Northern Ireland licence.

As to the viability of a Northern Ireland licence, it is interesting that in his letter the Chairman of Ulster Television makes clear that, despite his gloomy analysis of the financial prospects, his company would wish to apply for the licence, and that they are confident they could adapt to the changes in the overall broadcasting regime and avoid making future losses. The IBA similarly do not doubt that a new Northern Ireland licence would attract a positive bid, although they remain concerned about what might happen if at a later date the licensee were to run into financial difficulties. I would propose to let George Russell know, informally, that if such a situation were to arise we would look sympathetically at what might be done by Government to help. It may be that some form of financial assistance might be appropriate, but one would not want to pre-judge this. On this approach, there would be no special provision in the Bill in relation to the financial situation of the Northern Ireland licence.

As regards the question of ownership, it seems to me that the likelihood of an undesirable company bidding for the Northern Ireland licence is fairly remote. The licence is not likely to be particularly attractive financially. The ownership restrictions we propose for all Channel 3 licences will prevent ownership by political or religious organisations. Our EC obligations would rule out any restrictions against ownership by nationals of other member states, even if we were minded to favour such an approach. I would not, therefore, propose to put any further restrictions in the Bill for Northern Ireland. But if it did turn out that a company with an undesirable ownership structure were to be successful in winning the competitive tender for the Northern Ireland licence, it is possible that the ITC would be able to invoke the provision which would enable them in exceptional circumstances to award the licence to an applicant other than the highest bidder.

My conclusion, therefore, is that there is no need for the Bill to contemplate any special provision for Northern Ireland, although we may need to consider the position if the Northern Ireland licensee were subsequently to get into difficulties. It would be helpful to know if you are content with this approach. I should be glad to discuss these issues further with you if that would be helpful.

*Yours truly
G. J. Jones*

