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HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

19 September 1990

seen by AS

Dear Andrew

SATELLITE TELEVISION

at flap

Thank you for your letter of 10 September about the regulation of Satellite Master Antenna Television (SMATV) systems.

As the law currently stands, a SMATV system normally needs to be licensed under both the Cable and Broadcasting Act 1984 and the Telecommunications Act 1984. Where an application for a SMATV licence is made within a cable franchise area, the Cable Authority's practice is to offer the franchise holder the right of first refusal, irrespective of the size of the proposed SMATV system. This is because the Authority is under a statutory duty to use its licensing powers to promote broadband cable, and has taken the view that it must give cable franchise holders some protection from SMATV operators who would otherwise be in a position to "cherry pick" lucrative parts of the franchise area, thus putting the viability of the Cable operator's business at risk.

The development of a new direct-to-home satellite services has clearly changed the environment in which the Cable Authority has hitherto operated. Partly in appreciation of the changing market place, but also as a means of injecting more competition into the local delivery of services, the previous Home Secretary announced last year that the Government intended to take the opportunity of the Broadcasting Bill to relax considerably the regulation of SMATV.

Under the new arrangements, which will be implemented by an Order made under clause 71(1) of the Bill, SMATV systems covering up to 1000 homes will not need to be licensed at all by the ITC

/(which is to

Andrew Turnbull Esq
10 Downing Street

(which is to replace the Cable Authority), but they will remain licensable under the Telecommunications Act. Systems covering single buildings of whatever size, or adjacent semi-detached houses, or pairs of houses in a terrace, will be covered automatically by a class licence under the Telecommunications Act, and no further approval will be needed if the terms of the class licence are met. Individual blocks of flats, to which your letter refers, would come within the definition of single buildings for this purpose.

Systems not confined to single buildings, but covering up to the 1000 home limit, will need individual Telecommunications Act licences. Where the proposed system is in a cable franchise area, the cable (or local delivery) operator will be given a right of first refusal. The Home Secretary believes that this is necessary in order to underpin cable and local delivery franchises, particularly as the latter are to be allocated in future by competitive tender. Ministers have however made it clear that the right of first refusal should operate more briskly than at present, and in a written answer last May, Mr Forth announced that operators would be given 20 working days in which to offer to provide a comparable service, which would be expected to be fully operational within 4 months of the date of the offer of first refusal.]

These changes, which will be implemented as soon as the Broadcasting Bill becomes law, represent a significant, though not a total, liberalisation of SMATV. They have been generally welcomed as achieving a sensible balance between the interests of the cable industry and those of the SMATV operators. While they do not give Millicom all they are asking for, they should provide for easier entry into the market than is possible at the moment.

I am copying this letter to Martin Stanley (DTI).

Yours ever

John
C J WALTERS

BROADCASTING: satellite...

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17