

BROADCASTING WHITE PAPER

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The minute from Douglas Hurd following your meeting with him is as major step in the right direction, but the proposals still need some changes.

News Provision on Channel 3

This is fine except for the ownership of the News Channel.

There is still a reluctance to ensure greater freedom for the News Company by having ITV companies restricted to holding only a minority interest.

The Home Secretary argues "I agree that under the new provision ... perhaps a majority, would eventually be held externally, by companies without licenses or any television channel." But it is all very tentative.

The particular procedure suggested in the revised draft is both clumsy and unnecessary:

- initially C3 licencees hold the majority or all of the shares in the News Company,
- there would be a service contract which would establish the organisations' commercial value,
- at an appropriate time shares, perhaps the majority, could be sold to licensees.

However, such a service contract would hardly establish the value of the organisation as the ITV companies would be on

both sides of the negotiations!

It would be far better to make it clear from the start that the company which tenders for News on C3 should have a majority equity participation of non-licensees.

Recommendation

Seek change on these lines.

BBC Night Hours

Allowing the BBC to retain the night hours on only one channel is a step forward.

The Home Secretary however proposes leaving to the BBC the decision as to whether it uses its night hours for specialised services or general audience appeal.

As the reason for giving the BBC the use of the night hours is to develop subscription with a view to it ultimately replacing the license fee, David Young is surely right in proposing that we should be directing them to provide programmes for a mass audience and not specialised services which appeal to a very limited market.

Recommendation

Require the BBC to maximise revenue from the night hours.

Channel 4

The Home Secretary still hankers after a non-profit organisation, but nevertheless sets out three different options.

One option, however, which is not mentioned is that raised by Jeffery Stirling - namely the creation of a Third Force in broadcasting through a private company which incorporates C4 and C5.

Recommendation

This option should be mentioned implicitly.

Transmission System

This is the most unsatisfactory part of the minute.

It is a prescription for minimum change. Personally, I fail to see why the White Paper cannot say explicitly that the government's intention is to privatise the whole of the transmission system. If we did, I suspect the BBC would wish to comply.

If the BBC were to create problems, there is no reason why we cannot privatise IBA transmitters. To argue that on technical grounds they are "entwined" needs critical examination. It is reminiscent of all the arguments used when it was suggested that BT should be cut off from the Post Office; this produced a howl of technical protests, all of which were sorted out.

If the government makes its intentions clear I believe we shall face no real difficulty in 'disentwining' the IBA and the BBC.

Recommendation

The Home Secretary needs to make clear the intention to privatise transmission.

This will require both the IBA and the BBC to draw up plans accordingly.

Such a transfer should be possible for the IBA fairly soon; the BBC may also agree - almost certainly will, but at worst it would be postponed till 1996.

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