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10 DOWNING STREET
LONDON SW1A 1AA

From the Private Secretary

18 May 1989

Dear Catherine

MISC 128: BROADCASTING OWNERSHIP

The Prime Minister was grateful for the Home Secretary's further minute of 17 May and is content for him to proceed on the basis now proposed.

I am copying this letter to the Private Secretaries to members of MISC 128 and to Sir Robin Butler.

*Yours,
P.G.*

PAUL GRAY

Miss Catherine Bannister
Home Office

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CCPU

Yes
No



Prime Minister
Brian Griffiths has no comments
on this. Contact for Mr. Hurd now
to proceed with his announcement as
proposed?

Prime Minister

MISC 128: BROADCASTING OWNERSHIP

Proc 6
17/5 att/lay

I am grateful for your private secretary's letter of 15 May recording your comments on the draft announcement on ownership that accompanied my minute of 5 May; and for David Young's letter of 11 May.

att/lay
Proc 6

I am happy to accept the main point which you and David Young raise concerning the need for a restriction on newspaper holdings in DBS. This can be covered in the statement by adding a reference to DBS in the second sentence of the fourth paragraph of the text. That passage would then refer to DBS franchises (along with UHF TV and national radio franchises) which would meet David's point about not, at least initially, restricting the number of DBS channels in which a national newspaper could have a 20% interest, since a DBS franchise can be expected to cover a package of channels.

I can also accept the drafting changes proposed by David Young. The second of these, relating to the reference in the sixth paragraph to the MMC, is however overtaken by the need to review the whole of that paragraph in the light of the consideration we still need to give to the question of a moratorium on takeovers. At the last meeting of MISC 128, George Russell argued in favour of a short moratorium, possibly of one year, on all takeover bids for the new licensees in order to avoid speculative tendering. I see considerable attraction in this proposal, which I hope we can discuss at the meeting of

/the Group

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the Group arranged for 6 June, in the context of the paper on competitive tendering which I will shortly be putting forward. In the meantime we should, I think, simply delete the sixth paragraph of the draft announcement on ownership which is not essential to the main argument.

You have, finally, asked for clarification of the takeover regime that will be in force between the date of the announcement and January 1993 (not 1992), when the new ownership rules come into force. The regime for takeovers during this period will be a matter for the IBA, subject to the provisions of the Broadcasting Act 1981. George Russell indicated to us last week that he had told the chairmen of the ITV companies that he proposed to relax, from the end of this year, the restrictions on takeovers currently maintained by the IBA, in order to sharpen competitive efficiency and help reduce the turbulence which might otherwise arise at the end of the present franchise period. The IBA will, however, be bound to satisfy themselves that the conditions on which the existing franchises were awarded (including the regional character and coverage of the services) continued to be met after any takeover, and there should therefore be no question that the regional system that we wish to see continued post 1993 will have been pre-empted by takeovers of existing companies before that date. There is no need for the ownership statement to go into this issue; and for the reasons explained above it needs also to be silent about the takeover regime after 1993.

If you and other colleagues agree, I propose to make the announcement on ownership on Friday 19 May. Roger Gale has secured a debate that day on a private members motion on

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broadcasting, and it would be helpful if Tim Renton, who will be replying to the debate, could refer to our proposals on ownership in that context.

I am copying this minute to MISC 128 colleagues and to Sir Robin Butler.

Coltraine Bennet

Approved by the Home Secretary
and signed in his absence.

17 May 1989

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