



PRIME MINISTER ²



The Home Secretary's statement this afternoon on Broadcasting went fairly well. The Opposition made predictable speeches of the "end of civilisation as we know it" variety. They made the mistake, however, of basing these on newspaper articles and had ignored the improvements to the quality safeguards contained in the Home Secretary's latest proposals. Their complaints were therefore fairly easily dealt with. More important, John Wheeler and other backbenchers who had hitherto had doubts about aspects of the proposal were strongly supportive. They raised a number of outstanding points of fine detail but seem now to have rallied behind the Government proposals, recognising that these meet the key concerns expressed during the consultation process.



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do with this outbreak of botulism. He also knows that, as a result of the consultation, we are seeking to resolve the conflicting scientific and other advice which we have received and will produce the regulations as soon as possible. I have already talked about Bristol, where the research station is not engaged in food safety research—

Dr. David Clark (South Shields): That simply is not true.

Mr. Clarke: That must be taken up with the responsible Ministers. My right hon. Friend the Minister of Agriculture, Fisheries and Food will have to deal with that—*[Interruption.]*

I remain reasonably confident—I look to my right hon. Friend for advice—that it is doing no research of any kind relevant to botulism.

I have already dealt with the question of the number of environmental health officers. The resources devoted to them are a matter for local government. We all appreciate that there is an increasing problem of food poisoning in this country, and local authorities, like everyone else, must address their priorities in that connection.

The hon. Gentleman began by saying that this was the worst outbreak of the decade. That sounds sensational until we recognise that there have been no deaths from botulism in that time, and that the country has a singularly good record on botulism in general. The hon. Gentleman should make sure that the points that he makes on this particularly difficult issue are well founded.

Several Hon. Members *rose*—

Mr. Speaker: Order. I shall take points of order after the statement by the Home Secretary.

Commercial Television

3.55 pm

The Secretary of State for the Home Department (Mr. Douglas Hurd): With permission, Mr. Speaker, I should like to make a statement on the future of commercial television. I apologise for its length; a good many complicated matters need to be taken together.

The White Paper proposed a two-stage procedure for awarding licences for Channels 3 and 5 under which applicants would first have to pass a quality threshold—consisting of positive programme and consumer protection requirements—and would then go on to offer financial tenders. The Independent Television Commission would be required to select the highest bidder.

Many of those who commented on the White Paper expressed concern that those proposals might lead to a loss of quality in programming. We recognise that concern, and propose to strengthen the quality threshold. We do not consider that it would be right to do so by adding more detailed requirements in the legislation to supply specific types of programme. We therefore propose to strengthen the quality threshold by broadening the third positive requirement in paragraph 6.11 of the White Paper to read: "to provide a reasonable proportion of programmes (in addition to news and current affairs) of high quality, and to provide a diverse programme service calculated to appeal to a wide variety of tastes and interests."

It will be for applicants to interpret that combined quality and diversity test in drawing up their programme proposals. Those who fail to satisfy the ITC that they can meet the requirement will not have their financial bids considered.

A number of suggestions have been made about the form that the financial bid should take. The chairman of the IBA proposed that it should comprise a sum fixed by the ITC and a bid by the applicant of a percentage of advertising revenue. I support that combination of elements but, to make the bidding process clearer, propose that they should be reversed. Accordingly, the ITC will fix a percentage of net advertising or subscription revenue for each licence to form the minimum sale price. Applicants will then be required to bid a lump sum, which they will pay in addition if successful. For successful applicants, both sums will be paid annually over the period of the licence to avoid the imposition of debt burdens on licensees.

Applicants will also be required to post a bond with their tender applications. Successful bidders will be required to add to that an amount which, together with the first, will add up to a substantial performance bond. This requirement will strengthen the enforcement powers of the ITC, making them stronger and more flexible than those of the IBA now. Those who fail to meet their programme promises given at the quality threshold stage will stand to lose a proportion of the bond.

We have considered carefully the arguments about the criteria for deciding tenders. I do not believe that at the tender stage, before it is clear to whom the licences will be awarded and before the nature of any network arrangement is known, it will be possible for the ITC to make fine distinctions between the quality of programme service offered by different applicants, all of whom will have passed the strengthened-quality hurdle that I have

[Mr. Douglas Hurd]

announced today. We must avoid a return to the opaque and sometimes arbitrary selection procedures of the past, but some flexibility needs to be written into the procedure.

We propose, therefore, that the ITC should be required in the normal course to accept the highest bid, but that it should have a power, in exceptional circumstances, to select a lower bid. This power would operate only in exceptional circumstances, the ITC would be required to give its full reasons and exercise of the power would be subject to judicial review. In addition, there would be an exceptional power for the Home Secretary, acting on the recommendation of the ITC, to veto the selection of the highest bid if its funding came from a source that was undesirable in the public interest.

The White paper proposed that in addition to the sum bid at tender applicants would have to make a levy payment to the Exchequer. The proposals I have just announced for the fixing of a proportion of advertising or subscription revenue as a part of the tender price overtake our original proposals for a levy. Successful candidates will have only to pay the two-part tender price I have outlined. There will be no levy in addition.

Some people have wondered whether the Government would impose a moratorium on takeovers at the beginning of 1993 and whether they would insist on compulsory networking for Channel 3. The Government's view on both issues has not changed since the publication of the White Paper. I understand that the chairman of the IBA is considering permitting takeovers in the period from 1990 to 1993, subject to the normal anti-monopoly rules and bearing in mind our proposals for the régime after 1992. It would not in these circumstances be either sensible or necessary to impose a moratorium on takeovers thereafter. Networking will be a matter for the Channel 3 companies themselves to decide without Government compulsion. Basic fair trading laws should ensure that no companies are excluded unfairly from any networking arrangements. We shall consider whether any further provisions are needed in the legislation to regulate the operation of any new network system in the interests of free access and fair competition.

We have received a number of representations on behalf of the 4 million viewers who are deaf or hard of hearing. We agree that particular provision should be made for them. We have therefore decided that Channel 3 and Channel 5 licensees should be required to provide teletext sub-titling for some of the programmes in their schedules. They should provide more than is provided at present.

The White Paper proposed that Channel 5 should be shared between at least two licensees. In the light of the start-up costs of the new channel and the competition it will face from the established terrestrial channels, we have now decided that Channel 5 should form a single licence. It will thus be better equipped to compete with the existing terrestrial channels.

Similarly, the White Paper proposed that there should be a separate night hours licence for Channel 3. Many of those who responded to the White Paper doubted whether a separate night hours licence would be viable, so we have looked at this again. We want to ensure, so far as possible, that the night hours are fully used. I accept the argument that they may be better exploited commercially if they are

linked with services provided at a more commercially attractive part of the broadcasting day. We have therefore decided not to disturb the present situation under which the night hours may remain connected with the peak viewing period. However, we will review the position if we find that the night hours are not being fully used. Under our proposals, the ITC will be free to allocate licences for other times of the day, such as a breakfast time service.

The White Paper proposed that the ITC would be responsible for the map—for the geographical division of Channel 3 into regions. This has been generally welcomed. The Government have noted with understanding the statement of the chairman-designate of the ITC, Mr. George Russell, that he would see advantage, if possible, in retaining the existing regions.

I turn finally to Channel 4 and S4C, the Welsh channel. The White Paper made clear the Government's intention to maintain the remit of Channel 4 while at the same time providing for the selling of its advertising separately from that on Channel 3. We have considered the comments we have received on the three options in the White Paper, and in particular the helpful report by the Home Affairs Select Committee. I have written today to the chairman of the Committee expressing the Government's gratitude for its work on Channel 4 and setting out the Government's decisions. A copy of that letter has been placed in the Library.

The Government have decided that it would not be feasible at the present time for Channel 4 to become an independent commercial company competing with the other broadcasters if, as we think essential, it is to retain its remit. The financial outlook for Channel 4 remains uncertain with the prospect of new competition. We believe that the requirement in addition to provide a return for shareholders in a private company could put too much pressure upon Channel 4 finances and place its remit in jeopardy. But we see some difficulty in Channel 4 continuing to be owned by the authority which would be responsible for regulating its output—the ITC—and we believe that any financial underpinning given to the channel should be carefully circumscribed to provide clear incentives for cost-efficiency.

We have therefore decided that after 1993, if Parliament agrees, Channel 4 should become a public trust which will be licensed by the ITC and will continue to provide the service set out in the special remit. Channel 4 would sell its own advertising, and would be subject to a baseline budget of 14 per cent. per annum of terrestrial net advertising revenue. The baseline could be amended in secondary legislation. If the channel's revenue fell below the baseline, the difference would be funded by the ITC to a maximum of 2 per cent. of terrestrial net advertising revenue levied on the Channel 3 companies, but any surplus revenues above the baseline would be shared equally between Channel 3 and Channel 4. The trust would be required to hold its share of any surplus revenues to be used as a first call if there were deficits in later years. To reduce the need for a call on the guarantee, the ITC would be empowered to require cross announcement of programmes between Channel 3 and Channel 4. Complementary scheduling would be possible, but would not be a requirement. The Channel 4 licence would run for 10 years, but the arrangements would be reviewed after seven. I believe that is a satisfactory way of securing the future of Channel 4 with its present remit.

The White Paper concluded that the arrangements for the Welsh fourth channel should remain unchanged. Some have argued that it would not be consistent with the new and more free approach to regulation for the channel to be funded by a direct subscription on the commercial companies. The position is particularly anomalous in Scotland where the ITV companies are required to finance Welsh programmes as a first call on their resources even before they make provision for their own Gaelic speakers. The Government are sympathetic to these concerns, and have decided to make a small technical change to the funding arrangements for S4C. In future, S4C revenues will not be charged as a first call on the commercial companies but will be funded out of the proceeds of the tender through the ITC.

My statement covers most of the major decisions on the future commercial television system following the publication of the White Paper. We shall need to make announcements on the remaining issues, including the key question of transmission and the future of broadcasting in Gaelic, before long. They we shall draft the Bill.

Mr. Robin Corbett (Birmingham, Erdington): The Home Secretary and the House will understand if I do not respond in detail to the mini White Paper today. Clearly we shall return to the issue in the autumn when we consider the Bill.

The revised proposal for awarding the licences for Channel 3 and Channel 5 are no more than a figleaf behind which the Home Secretary seeks to cover his humiliation at the hands of the Prime Minister, aided by the Secretary of State for Trade and Industry. In most important respects, the bidding for the licences has barely changed from that set out in paragraph 6-9 of the White Paper which stated:

"there is no longer the same need for quality of service to be prescribed by legislation or regulatory fiat."

All that the Home Secretary has said today is that the ITC can have reserve powers to reject the highest bid, while explaining why. In my view that amounts to no more than a tiny teaspoon to bale out a well-holed ship. Is it not the very least that could be done to meet the statement made by Mr. George Russell that unless the ITC had these powers, he would find his position untenable? I commend Mr. Russell on his stand on behalf of the viewers' best interests.

The rewording of the so-called positive requirement in paragraph 6.11 does no more than express in 35 words what took just 16 words in the White Paper. Simply adding the phrase "high quality" does nothing to guarantee that it will be delivered, nor does anything else that the Home Secretary said today. In any event, what is a reasonable proportion and who will decide it?

The statement is light on what exact amounts of money are to be provided by bidders who deliver the range and types of programme which the bid promises. The Home Secretary went out of his way to make it clear that he did not regard that to be necessary. The changes in the financial arrangements at least acknowledge that Channel 4 are simpler and clearer than the original proposals.

I am still uncertain about what the term "financially sound" means. It seems that it will mean no more than checking on whether the cash behind the bid comes from ads or vice. That is the problem. The Home Secretary's statement, like the White Paper, is too much about cash

and not sufficiently concerned with ensuring that the cash on the table will deliver real choice and quality in terms of range and standards. Will the Home Secretary confirm that bidders will not have to guarantee to programme current affairs in main viewing programmes? Is it not the case that the same remains true of children's and religious programmes?

It is unacceptable to Opposition Members—and to some Conservative Members—that an individual should be able to own two Channel 3 licences. The Opposition believe that one person should be able to own only one franchise if there is to be real diversity in the new system.

I welcome the requirement for Channel 3 and Channel 5 licences to provide teletext subtitling for some programmes for the 4 million people who are deaf or hard of hearing. I hope that that will become mandatory for all news and current affairs programmes, and for most, rather than some, programmes eventually.

I also welcome the decision not to separate off the night hours. It was patently not sensible for the Home Secretary to propose in the White Paper to take the night hours away from the BBC while requiring it to maximise its subscription services.

Becoming a trust is the least worst option for Channel 4, although we would have preferred the status quo. What is disappointing is that despite the Government's tribute to Channel 4's "striking success" their proposals are unlikely to provide enough stability for it to meet its needs in the face of stiffening competition in terrestrial and satellite services.

Even after the statement, the Government's proposals will do no more than achieve lower quality, lower standards, less public responsibility and fewer regions within Channel 3. The proposals will not use technological change to bring about more real choice. The proposals are simply a route to undermining what the White Paper called—I hope not sarcastically—the "rich heritage" of British broadcasting. The statement reveals that the vandals have won—at least under this Government.

Mr. Hurd: The hon. Gentleman has fallen into the trap into which his right hon. Friend the Member for Birmingham, Sparkbrook (Mr. Hattersley) always falls. He has chosen to comment on inaccurate press reports about our proposals even though, by the conventions of the House, he has had a bit of time—not long. I admit—to study the proposals themselves. The hon. Gentleman has talked as though all the press reports were true. The next step, if precedent is to be followed, is that Mr. Des Wilson will write a learned article suggesting that I stimulated all the inaccurate press reports to lure the hon. Gentleman into the trap into which he has fallen.

The hon. Gentleman has ignored the three changes made on the quality threshold in response to comments on the White Paper. First, the quality threshold has been stiffened so that it is similar to the proposal in the Broadcasting Act 1981. Secondly, there will be the exceptional power of the ITC. It is exceptional—I have explained the circumstances—to award a franchise to other than the highest bidder. Thirdly, and most importantly, there will be the performance bond, which the hon. Gentleman did not mention. It will give the ITC a power that the present Independent Broadcasting Authority does not have, which is a flexible and powerful way to enforce the promises that have been made. The ITC will no longer face the criticism that all it can do is to