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Northern Ireland Office
Stormont Castle
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Rt Hon David Waddington QC MP
Home Secretary
Queen Anne's Gate
LONDON
SW1H 9AT

5 December 1989

attached
Dear David,

Your letter dated 20 November 1989 sought my views on the proposed approach in the Broadcasting Bill to the Northern Ireland licence.

In general I agree that it is sensible to avoid treating Northern Ireland separately from the rest of the United Kingdom in this legislation. Nonetheless, although broadcasting is not a transferred matter, it is clearly well established that on both the BBC and commercial side it constitutes a region of its own. Northern Ireland falls naturally into a separate franchise area and it would look rather odd if any other result was produced. How this is achieved of course is your responsibility and if you are convinced that George Russell can deliver on this point then I am content to proceed as you suggest.

The financial viability of a Northern Ireland licence is said to be unattractive and I am naturally concerned on this point. Your assurance that sympathetic consideration would be given to Government financial support, presumably from the Home Office, if in future the Northern Ireland licensee ran into financial support is particularly welcome. Indeed I hope you may be able to give a firm commitment to ensure that a separate Channel 3 service is maintained in Northern Ireland. (We would need to ensure that the prospect of such support did not generate a demand for it from the licensee.) On this basis, I am content to proceed as you suggest.

UTV has recently advised that the financial outlook for the Northern Ireland licensee based on recent IBA projections is substantially worse than previously thought. I do not know the validity of this



claim. I am also advised that BBC(NI) now consider independently produced programmes cost twice as much as those produced in-house. In all of this there are underlying implications for employment in Northern Ireland. Because there is a weak independent television production sector the natural worry is that jobs lost in local television companies will be taken up by the flourishing independent sector in the Republic. I should welcome your observations on this. The people of Northern Ireland will think it odd if the result of our broadcasting reforms is that scarce jobs in Northern Ireland are lost to Dublin or, indeed, to London or Manchester. Is there anything you can say to reassure us?

Ownership of the Northern Ireland licence is particularly important. Like you I do not rate highly the possibility that an undesirable company would bid for it. Nevertheless, I would wish to be assured that any such bid would be rejected. It is important therefore that the ITC/Home Office should, when necessary, consult the relevant Northern Ireland authorities on the structure and background of any companies who might be in contention and your assurance on this would be welcome. I also regard it as essential that reserve powers exist to allow you as Secretary of State to refuse a licence to the highest bidder when public interest issues arise and I understand that such powers are included in the Bill.

It would appear to be a possibility that a legitimate company based in the Republic could satisfy the quality threshold and place the highest bid for the Northern Ireland licence (or indeed any United Kingdom licence). In Northern Ireland terms this would be politically very difficult. In one sense the new Bill does not change the position: existing legislation allows, I believe, EC nationals to apply for any ITV franchise. But in practice the IBA's discretionary approach (and its insistence on regional links) has made this an unreal threat. I appreciate the relevance of our commitment to free and open markets, and the difficulty of reconciling a restriction with our EC obligations. However, I think



you (and colleagues to whom I am copying this) will readily appreciate the sensitivity this could arouse in Northern Ireland - and perhaps elsewhere in the United Kingdom too.

It may however be worth mentioning the position of RTE separately. I take it that under your proposals RTE could bid for the franchise in Northern Ireland (or indeed elsewhere in the United Kingdom)? This again would produce a result which people in Northern Ireland would find astonishing. (Indeed, if I understand your proposals, RTE could hold both a licence in London and the Northern Ireland franchise.) It would also presumably in practice lead to a restriction in choice, despite the Bill's aims, since many people in Northern Ireland already receive RTE's existing programmes. I wonder if this is a result we should accept. It may not be an unreal threat: since most of RTE's programmes are in English they could provide a service on Channel 3 at little additional cost, but with the prospect of increased revenue. In effect they could increase their transmission coverage and eliminate a rival at a stroke. If, as I believe, the BBC is precluded from bidding, should we not - consistent with our EC obligations - also exclude RTE (and RAI, ZDF etc)?

I wonder if I could raise a further point? It is important that in Northern Ireland the Channel 3 licensee should continue in its programming to reflect the diversity of both traditions there. And knowledge that there was such a requirement would do much to reassure both sides of the community that the station had not fallen into "hostile hands". Such a requirement could stretch also to the local news service. I joined in the exchange between colleagues earlier this year on the question whether there should be a requirement for the regional news service, as well as the national one, to be of high quality, though I understand that in the event it was decided to leave this to the market. A requirement on the licensee in Northern Ireland to reflect the diversity of traditions there could be effected in various ways. It could for example be left to the ITC, provided it had sufficient discretion. I suspect



however that the point is a new one since your proposals, if I understand them, would require the licensee only to show some regional programming, not in terms to reflect the diversity of the region. It may be however that even as things stand the ITC will have sufficient discretion. But I should welcome your comments on this aspect of the matter.

To summarise I am content that no special requirement should be included in the Bill to provide a separate licensing area for Northern Ireland or to underwrite the financial position of the Northern Ireland licensee, on the basis of your own assurances on these points. I am also pleased to note that undesirable companies can be prevented from owning the Northern Ireland licence but would welcome consultation with the relevant Northern Ireland authorities on this point before any decision is taken. I recognise that we may have to accept the risk of political difficulties arising from the possibility that the ownership of the Northern Ireland licence could be gained by a legitimate company based in the Republic, but I alert you and other colleagues to the sensitivity this will cause. Finally, I suggest that we should consider excluding RTE, and other public broadcasters, from eligibility, if, as I believe, we can do so without infringing EC obligations.

Although your letter to me was not circulated widely the issues are of some concern to others. Accordingly I am copying this letter to the Prime Minister, the Lord President and the Foreign Secretary.

Lawson

Pr

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