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Note

Discussed in Brian  
Gifford's alleged NBSA  
when DTI subject.

QUEEN ANNE'S GATE LONDON SW1H 9AT

7 March 1990

Nick,

ARC6  
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BROADCASTING BILL: TELETEXT

Following the debate in Committee on 20 February on the additional services clauses of the Bill, I am writing to suggest two modifications to our proposals on additional services.

Under the Broadcasting Act 1981, the only permitted use of spare capacity on television signals is teletext. The Bill liberalises the present law by providing that the operators who acquired, by competitive tender, the right to use spare capacity on broadcasting signals would be free (subject to prevailing telecommunications policy) to use them to provide any telecommunications service they chose. Although it would be open to them to provide a public teletext service, they would be under no obligation to do so. As ORACLE (the IBA teletext service) is now profitable, there must be a good chance that at least some spare capacity would continue to be used for teletext. But there is no guarantee that this would be the case. Indeed, if it was concluded after the review of the duopoly policy that this spare capacity could be used for closed-user group data services, this might turn out to be a more profitable application than teletext. With this possibility in mind, our proposals sought to protect the interests of those who have bought teletext sets by ensuring that the BBC continues to have sufficient capacity to provide its CEEFAX service.

It is clear from the Committee debate that there is anxiety about these proposals, including among our own supporters. It was argued strongly that viewers should not run the risk of losing access to one of the two current teletext services, especially given the scale of investment in teletext sets (there are now about six million teletext sets; and teletext capacity adds about £50 to the cost of a set). The amendments debated in Committee envisaged in effect that all the spare capacity on the Channel 3 and 4 signals would be earmarked for teletext. The IBA have put forward a compromise (under which it would be split 50:50 between teletext and other uses), which was favoured by our supporters on the Committee.

I am clear that we need to make some movement on this question. I am not attracted by the proposition that all the spare capacity on the Channel 3 and 4 signals should necessarily be allocated to teletext. Equally, I think that it would be a mistake to go firm at this stage on the proportions in which the spare capacity should be allocated. We need to consider further

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/over....

the amount of capacity which a public teletext service would require in order to be viable. I therefore propose that the ITC should be required to advertise a teletext service using part of the spare capacity on the Channel 3 and Channel 4 signals, with the exact amount to be subject to the approval of the Secretary of State.

There was also some discussion in Committee of the use of spare capacity for enhancing the quality of terrestrial PAL signals. Under the Bill it would be open to Channel 3, 4 and 5 licensees to bid for spare capacity for this purpose, but it would not be allocated to them automatically. David Mellor opposed the various propositions put forward that capacity should be allocated to these licensees for this purpose, either from the beginning of their licence period or at a later stage. However, we do see advantage in enabling the ITC, at the stage when it comes to consider whether or not to renew additional services licences, to determine that some of the spare capacity should be allocated to its television licensees for the purpose of enhancing the quality of their signals. This would require a slight widening of the grounds on which the ITC can decline to renew licences.

I hope you can agree to these proposals. As we would like to be able to table suitable amendments for Report Stage, I should be grateful for a response by 8 March.

I am copying this letter to the Prime Minister, other members of MISC 128 and to Sir Robin Butler.

*John Gifford*

