2nd August, 1966

CABINET

BROADCASTING POLICY: DRAFT WHITE PAPER

Note by the Lord President of the Council

I attach a draft White Paper on Broadcasting Policy prepared by the Postmaster General on lines approved by the Ministerial Committee on Broadcasting. The text has been circulated to the members of the Ministerial Committee and takes account of comments received from them.

I seek the agreement of the Cabinet to the text of the White Paper and to its early publication.

H. B.

Privy Council Office, S. W. 1,

2nd August, 1966
Introduction

1. The Government have had under review various major aspects of broadcasting policy. First among them was the question of the BBC's finances. Besides this, there were various proposals for the further extension of the broadcasting services: that there should be a fourth television service; that a service of local sound broadcasting should be introduced; and that there should be an extra service of sound broadcasting entirely given over to music.

2. The Government have thought it best to consider them as a comprehensive whole. For two other major questions it was however desirable for the Government to publish their views before the general review was completed. A Bill to put an end to the activities of pirate radio stations has already been introduced, and on colour television, the Postmaster General announced on 3rd March last the decision that a service using the PAL transmission system and broadcast on the 625-line standard would start towards the end of next year.

3. In reaching the conclusions announced in this review, it has of course been the Government's duty not only to consider what purposes the proposals for further extending the broadcasting services should seek to serve, and what organisation would best promote these purposes. The Government have also had to consider to what extent it would be in the national economic interest to allow these extensions. It is not enough that they should be desirable in themselves. The overriding consideration is whether the country can afford them.

THE FINANCES OF THE BBC

The BBC's request for an increase in the licence fee

4. Following the report of the Pilkington Committee in 1962, the BBC were authorised:

(a) to provide an additional television service - BBC2;

(b) to provide self-contained television services for Scotland and Wales;

(c) greatly to increase the number of hours for which its Third Programme/Network Three broadcasts. It now broadcasts throughout the day;

(d) to extend the Light Programme. It now broadcasts from 5.30 a.m. until 2 a.m.;

(e) to provide more programmes of adult education on television. Both BBC and ITA have made full use of this authority; and

(f) to start colour television on BBC2.
The decision to authorise these major developments was welcomed; and, except for colour television - which is to start next year - they either have been or are being carried into effect.

5. The understanding on which the BBC proceeded to carry out this programme was that they would be afforded sufficient income to finance adequate services. In their Annual Report for 1962-63, the Corporation record that if they had received the full proceeds of a £5 licence from 1st April 1963, for which they had asked, they could have financed their services out of income until the end of the nineteen sixties. The Corporation's request was not granted, but from October 1965, when the Government of the day relinquished the £1 annual excise duty, an amount equal to the whole of the net proceeds of a £4 licence became payable to the Corporation.

6. In October 1964, the BBC represented to the Government that the combined television and sound licence fee should be raised from £4 to £6, and the sound-only fee from £1 to £1 5s. It was, of course, the Government's duty first to satisfy themselves that increases of this order would be justified. But it was also plain that some immediate action was called for to put the BBC in funds. The Government therefore decided that there should be a close enquiry into the Corporation's finances, but, as an interim measure, also authorised increases in the combined licence fee from £4 to £5, and in the sound-only fee from £1 to £1 5s. Both increases took effect on 1st August 1965.

The Government's query

7. The Government have completed their enquiry into the BBC's finances. Practically speaking, the only possible ways of providing finance for the BBC are: by direct Government subvention, by the sale of advertising time in the Corporation's services, or by the licence-fee system.

8. A Government subvention would be liable to expose the Corporation to financial control in such detail as would prove incompatible with the BBC's independence. The money would, of course, have to be found from general taxation.

9. Under their Licence and Agreement (Cmnd.2236) the BBC are not allowed to broadcast commercial advertisements without first having sought and obtained the Postmaster General's permission. Because of the probable long-term effect on the character of their services the BBC have never sought this permission. The Government recall that the Pilkington Committee found against the financing of the BBC in any measure from advertising, and that this view commanded general acceptance.

10. The Government have decided that there should be no change at present in the arrangement whereby the BBC are financed through the licence fee system. But at a time when none may be content to rest upon present standards of efficiency and financial performance, good though they may be, the Government have thought it right to expect of the BBC that they should set themselves even more exacting financial objectives. They have accordingly asked them whether, assuming the expenditure ceiling which would be implied if there were no increase in the licence fee for the present, the Corporation would be able to maintain their present services, and to proceed with extensions and developments either already authorised or proposed below. The BBC have reported that, by making special economies, they will - on certain assumptions - be able to do so until January 1968 at least when they would need an increase of £1.
11. In order to make these special economies, the BBC will restrict activities which they have hitherto considered well justified but which, against the background of continued financial stringency, can be sacrificed to the overriding national need for economy. The Corporation have conducted a searching examination of all their ancillary services and operations, with a view to making the maximum retrenchment in detail. By itself, however, this will not suffice. Some larger scale projects, desirable in themselves, for enlarging and modernising the Corporation’s programme production capacity, will be forgone for the present. But the BBC will be able to maintain their present level of programme output and to proceed with extensions and developments of their services already authorised or about to be authorised.

Licence evasion

12. One assumption on which the BBC have based their undertaking to manage without an immediate increase in the licence fee is that counter measures against licence evasion will prove effective. It has been reliably estimated that, of the gross revenue amounting to some £80m. payable in a full year, some £9m. is lost through evasion. This is far too much to be tolerated. Honest viewers and listeners are, in effect, paying for the dishonesty of the evaders.

13. Steps have already been taken by the Postmaster General to tighten up counter evasion measures, but, by themselves, they will not suffice. Further measures are required. The Government are reviewing the penalties which Magistrates may impose on convicted evaders, and are discussing with the associations representing retailers and the rental companies ways in which dealers could help in the enforcement of the licence system. The Government will announce their proposals as soon as these discussions have been completed.

BBC finance: conclusion

14. The Government recognise the efforts which the Corporation are making to defer their request for an increase in the licence fee. The increase will be required in due course, but, given the combined effect of the special economies to be secured by the BBC and of the further measures to be taken to combat licence-evasion, the Government are satisfied that no increase in the fee will be required before 1968.
A FOURTH TELEVISION SERVICE

15. Ultimately, the frequencies now available for television could accommodate six services of near-national coverage on the 625-line definition standard; two in the very high frequency (VHF) bands; and four in the ultra-high frequency (UHF) bands. At present, the VHF bands are occupied by BBC.1 and independent television, both broadcast on 405-lines. Of the four 625-line networks possible in UHF, one is committed to BBC.2. There is therefore unused frequency space in the UHF bands for three more 625-line services. Space for two of them must be reserved in case it is required in order to change over the existing 405-line services to 625-lines by the duplication method. This means that the present basis on which planning must proceed is that, for the next 10 to 15 years, frequencies will certainly be available for only one additional television service of near-national coverage, in UHF and on 625-lines.

16. When the Television Act 1963 was before Parliament, the Government of the day stated their intention to allocate this service to a second programme of independent television during 1963 unless the financial or other obstacles were insurmountable. However it were allocated, a fourth television service would make large demands on resources. The three main services of television already provide a large volume of programmes of various kinds and the Government do not consider that another television service can be afforded a high place in the order of national priorities.

17. Moreover, before deploying the last frequencies certainly available for television for many years to come, the Government would need to be satisfied that the case for committing them to any new service had been fully established. Besides the claim of independent television, there is also the possibility that the frequencies would be required for a specialised service of educational television.

18. The Government have decided that no allocation of frequencies to a fourth television service will be authorised for the next three years at any rate.

COLOUR TELEVISION

19. The Government have already announced the decision that colour television, using the PAL transmission system and the 625-line definition standard should be provided. The service is to start towards the end of next year on BBC.2. In reaching this conclusion the Government saw as an important consideration the prospect of increasing exports — provided that an early start could be made.

20. In making this announcement, the Postmaster General stated that if the Oslo conference of the International Radio Consultative Committee were to show that another transmission system found general acceptance, the Government would take such a development into consideration. In the event, the conference did not reach a common view on any transmission system. In general, the countries of western Europe expressed a preference for the PAL system, and France and eastern Europe for the SECAM II system. Accordingly, in the United Kingdom the colour service will be provided on the PAL system.

21. It has always been recognised that the decision to provide colour television on the 625-line definition standard is dependent upon the intention to change over the two 405-line services of BBC.1 and independent television — to 625-lines. The Postmaster General's Television Advisory Committee has been asked to report as soon as possible on the method of changeover to be adopted.
22. It is the Government's view that the cost of colour programmes, which are likely at the outset to be available only to a small minority of viewers because of the cost of receivers, should not fall upon viewers in general. Accordingly a supplementary licence fee of £5 will be required from those equipped to receive colour programmes.

LOCAL SOUND BROADCASTING

23. No general service of local sound broadcasting can be provided on medium wavelengths allotted to the United Kingdom. The only possibility for such a service would be VHF. This would give a typical station a range of about 5 miles. In practical terms, 150-200 towns and cities could be served. Of the proposals put to the Government for the provision of a service, some advocate that it should be provided by commercial companies and financed from the sale by them of advertising time, others that it should be provided by the BBC.

24. In a worthwhile service of broadcasting a local station should, the Pilkington Committee concluded, transmit "for a sufficient part of the broadcasting day, material of particular interest to the locality served by that station rather than to other localities". In their White Paper of July 1962 (Cmd.1770) the previous Administration agreed "that the justification for local sound broadcasting would be the provision of a service genuinely 'local' in character". The Government share this view.

25. But there is not only the question whether such a service could be sustained, month-in, month-out; there is also the question whether there would be a continuing public demand for it. There is no clear evidence either that adequate local material is available or that the need for such a service exists. The Government therefore feel that an experiment is necessary.

26. In considering the possible form of an experiment which should last no longer and be no more extensive than is necessary to provide the information on which to found a decision whether or not to proceed to a general and permanent service, the Government have had regard to the need to avoid setting up at this stage any new broadcasting structure. They have also had to bear in mind the need to avoid an excessive diversion of resources for this purpose. This latter consideration would be equally important whether the experiment were undertaken by the BBC, a new corporation or by commercial undertakings. They have decided to authorise the BBC to conduct a nine-station experiment, on VHF. The objective is that the stations should offer a full-scale local service during the experimental period. The Corporation would expect to bring the first station into service by the Spring; and to have three stations in service by the Autumn of 1967. A two-year experiment from then would provide the information on which to found the final decision.

27. For each experimental station there will be a Local Broadcasting Council appointed by the Postmaster General in consultation with the BBC. Each Council will be widely representative of the community - including youth - and will play a fully formative part in the development of programme policy and content. The Government attach great importance to the need to ensure that the stations are local in character and not all moulded to a common pattern imposed from the centre; and the BBC have assured the Government that the Councils will have the maximum possible voice in the direction and performance of the stations. The Corporation will accommodate the cost of the experiment within the expenditure limit required by the decision that the licence fee will remain unchanged at least until 1st January 1968.
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28. The Government reserve until the conclusion of the experiment any decision on the question whether a general or permanent service should be authorised, and, if so, how it should be constituted and organised and by whom provided. The decision that the BBC should conduct the experiment implies no commitment that the Corporation should provide a permanent service, if it were decided to authorise one.
29. The demand for continuous light music is not new. What is new is that, by appropriating wavelengths allotted to other countries, the pirate radio stations have been able to exploit it. Legislation to end the activities of these stations has been introduced and the demand for a continuous service of music will be met by the BBC. Until recently, the Corporation have considered that they could best serve their various audiences by providing the Light Programme in its present form on both long and medium-wavelengths. The long-wave transmission of the Light Programme is now reinforced by the BBC’s VHF transmissions, which themselves are attaining virtually complete population coverage. Moreover, portable VHF transistor sets, at reasonable cost, are now becoming available. For these reasons, the BBC now feel free to devote the medium-wave channel of 247 metres to a service of continuous light music. This means that the Corporation will provide music during those day-time hours when the long-wave and VHF transmitters of the Light Programme are broadcasting programmes other than music. The Government welcome this extension of choice offered by the BBC to the listener.

30. The Conservative Government authorised an experiment to last three years and granted a licence which will not expire before January 1969. The Government agree with this decision but they will not allow a situation to develop in which the vast majority of viewers are denied the viewing of major sporting events.

31. The first White Paper (Cmnd.1770) on the report of the Pilkington Committee stated that the Postmaster General’s powers to control the hours of broadcasting would continue. In the Television Act 1963, and in the BBC’s Licence and Agreement, approved by Parliament in January 1964, these powers were re-enacted in a more detailed form.

32. It has been represented to the Government that, ideally, these powers should not be used, but held as a reserve power. Both the ITA and the BEC would then be free to broadcast for as many hours a day as they chose. The Government have also considered whether, instead, there might be authorised a large increase in the number of hours of broadcasting a week.

33. In a typical week BBC 1, independent television and BBC 2 broadcast for some 180 to 200 hours in total. The amount of television broadcast here compares favourably with that of any other Western European country and considerably exceeds that of most.

34. In the Government’s view, the amount of broadcasting time will remain a matter of sufficient social importance to require that the Postmaster General should continue to hold and exercise his present powers of control. Nor do the Government consider that any general increase in broadcasting hours will be justifiable for the present. They do not, however, rule out the possibility of more time for educational programmes.

35. Both the BBC and ITA are public corporations, wholly responsible for the content of their programmes and for the day-to-day conduct of their affairs. The principle that the public corporations should be independent of the Government has been upheld by successive Administrations since the beginning of broadcasting in the United Kingdom. The Government adhere to this concept.
36. The Government has discussed with the broadcasting authorities, and with other parties in Parliament, the idea of establishing, subject to this governing principle, a council to consider general issues of broadcasting policy. They have concluded that additional machinery of this sort would serve little useful purpose if the independence of the two public corporations is to be maintained. Since full responsibility is required of them, they must be afforded full authority to secure that their services are conducted in the general interest.

37. Though Parliament has placed them in competition with each other, they have a common objective or public service. In the continuing task of realising this objective matters of common concern are bound to arise. To discuss matters of this kind, the Chairman of the BBC and the Chairman of the ITA have, the Government understand, established regular and frequent meetings. The two broadcasting authorities have now decided to put these meetings on a more formal footing and to use them as the occasion for discussing matters which either Chairman might wish to raise. The meetings will continue to be private and unpublicised.

38. The Government welcome this means of consultation between the two authorities and their ready recognition that they will benefit from an understanding by each authority of the other's views.