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S E C R E T

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C.P. (45) 343

18TH DECEMBER, 1945

CABINET

BROADCASTING POLICY: WIRE BROADCASTING

Memorandum by Postmaster General

This memorandum amplifies C.P. (45) 293, paragraphs 39 to 43, dealing with wire broadcasting.

2. In 1938, the existing licences held by the Companies were renewed for a period of ten years, i.e. until the end of 1949. On the outbreak of war the issue of licences for new private relay services ceased in order to conserve for war purposes the labour and materials which these services would have absorbed. The ban on the opening of new services was lifted in September of this year, but so far very few applications for new licences have been received, and there are no indications that any considerable expansion is likely, so long as security of tenure beyond the end of 1949 is withheld.
3. In any event, renewed opposition to wire broadcasting on the part of the wireless trade and associated interests is already in evidence and seems likely to increase. This opposition is directed against wire broadcasting as such, because it limits the demand for wireless receiving sets, irrespective of whether it is conducted by private enterprise or by the Government. Wire broadcasting is in fact not a public service in itself, but a competitor of the wireless receiving set trade in providing facilities by which persons holding wireless receiving licences can receive programmes; it is the provision of programmes by the B.B.C. which constitutes the element of public service.
4. The licences held by Relay Companies cannot be determined in normal course before the 31st December, 1949, and require a year's notice of that intention. If they are so determined, the plant and equipment, or any part of it, can be purchased by the Postmaster General at its net value at the time of purchase, with no allowance for loss of business, goodwill, or any other consideration whatever. Determination before the 31st December, 1949 could only be enforced by special legislation, and would require the payment of compensation, and would thus involve paying for goodwill which will have disappeared by the end of 1949.
5. Nationalisation of the Companies now would strain the resources of the Post Office. Apart from the initial work, much adaptation of the local Post Office organisation would be necessary to carry on the relay services. Moreover, development of these services by the Post Office during the next two or three years could only be effected by diverting man-power and equipment from the telephone service, which has nearly 300,000 applicants waiting to be connected.



6. Nationalisation now would also mean early legislation in order to give the Postmaster General adequate powers to install and maintain the Relay Companies' plant in the streets. In many towns the municipalities are unwilling at present to allow the introduction of relay services, and block it by refusing free wayleaves to the Companies. Other municipalities enter - for a consideration - into an agreement with one of the Companies permitting the provision of service by very cheap methods. The Postmaster General has certain compulsory powers of wayleave but they rest on out of date legislation and would be quite inadequate to enable the Post Office even to carry on the existing relay services after nationalisation. What would be needed would be the amendment and consolidation of the Telegraph Acts which date back to 1863 - complicated and controversial legislation.

7. Important technical developments in programme distribution over lines are pending and these may within the next few years supersede altogether the present method of the Relay Companies and render most of their plant worthless. Moreover, it is impossible yet to judge how far the wireless industry may succeed in driving Relay Companies out of the field by putting on the market cheaper and more efficient wireless receiving sets which enable the listener to select a greater variety of programmes.

8. In view of the foregoing, I feel that the balance of advantage lies definitely in letting the situation develop, so that the Government may be in a position to review the situation nearer the date of expiry of the Companies' licences in 1949 without having committed itself to the purchase of equipment which may prove obsolescent and to the acceleration of legislation to amend the Telegraph Acts.

L

St. Martin's-le-grand, E.Ö.1.

18TH DECEMBER, 1945.

