

BPD 6/3/1/3

Department for Culture, Media and Sport



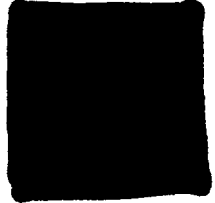
To Tessa Jowell
Patricia Hewitt

cc Kim Howells
Douglas Alexander
Andrew Ramsay
Diana Kahn

Bill Bush
Ed Richards

From [Redacted]

File Ref



Date 24 April 2002

RESTRICTED - POLICY

Collective Agreement of Media Ownership Policy

- No 10 have agreed a method of attaining collective agreement in this policy area.
- Their suggestion is that the letter you send to colleagues should include a summary of most policy decisions, without referring to the most sensitive issues.
- Our Secretary of State would then speak confidentially to Gordon Brown, David Blunkett, Jack Straw and Robin Cook to explain the remaining detail. The Prime Minister would brief the Deputy Prime Minister.
- We recommend that you agree this course of action, and approve the draft summary attached here.

Timing

- **Immediate** - the collective agreement letter will be sent tomorrow (Thursday).



RESTRICTED - POLICY

Media Ownership

Clauses on media ownership will not be included in the draft Bill at this stage, but will follow later in May. However, the policy narrative will set out detailed proposals for reform. Our approach is deregulatory where possible, but we will retain a set of simplified rules to prevent too great a concentration of ownership and political influence. Where we propose to remove rules, content regulation will be able to maintain the quality, diversity and impartiality of programming, and competition law will tend to encourage dispersed ownership and new entry. Where we propose to retain rules it is because competition law will not guarantee the plurality of ownership that democracy demands. In summary:

- Regulatory barriers to the formation of a single ITV company will be removed (though the competition authorities would still scrutinise any merger). The rule preventing the joint-ownership of a national Channel 3 licence and the Channel 5 licence will also be revoked.
- Restrictions on the nation-wide accumulation of radio licences will be removed, as will the rule preventing any company owning more than 1 of the 3 national analogue radio licences. Local radio ownership rules will ensure that there are at least 3 commercial radio operators in every area with a well-developed range of services.
- For newspaper mergers, a less onerous and more targeted merger regime will be applied post-acquisition only in cases where there is significant concern on competition or plurality grounds. Criminal sanctions will be removed. Final decisions, at least on plurality grounds, will remain with Ministers.
- The nominated news provider system will be retained, to ensure that a high quality and independent ITV news service provides competition to the BBC. The limit on ownership will be relaxed from 20% to 40%. Channel 3 licensees will be able to own no more than a 40% share in combination or in total. This should allow better strategic management as well as maintaining editorial independence. There will be a power to sunset the whole arrangement if in future a wider range of competing news voices emerge.
- Restrictions on the joint-ownership of TV and radio stations, and on the joint-ownership of newspaper companies and radio stations, will be scaled down to a scheme (applying to ownership of local radio services) to ensure that in every local area there are at least 3 local/regional commercial media voices (in TV, newspapers and radio).
- Advertising agencies will now be allowed to own broadcasting licences and local authorities will be allowed to own licences to provide information services in their own local areas. However political organisations will still be prevented from owning broadcasting licences of any kind, and religious organisations will still be prevented from owning Channel 3 or Channel 5 licences, or any national radio licence (analogue or digital).

Proposals will also be forthcoming in a number of other areas, that are politically extremely sensitive. They are not detailed here but will be published alongside the draft Bill.