

Draft Communications Bill

4.8 pm

The Secretary of State for Culture, Media and Sport (Tessa Jowell): Here comes the second episode, Mr. Speaker. With permission, I should like to make a statement, on behalf of my right hon. Friend the Secretary of State for Trade and Industry and myself, on the draft Communications Bill, produced jointly by our Departments and published today.

Copies of the Bill have been placed in the Library and are available from the Vote Office, along with a policy document and explanatory notes. It is also available on the worldwide web.

In December 2000, the White Paper "A New Future for Communications" set out the Government's objectives: creating a dynamic market; universal access to a choice of diverse services of the highest quality; safeguarding consumers and citizens; and minimising regulation. Everything that we announce today flows from those principles.

The communications industry is of immense importance to this country, so we are determined to proceed, wherever possible, with the fullest consultation and consensus. That is why we held further consultations on media ownership. That is why the Bill published today is in draft and is subject to scrutiny by a Joint Committee of both Houses. This degree of consultation on major legislation is perhaps unprecedented, but it is important that the legislation has the confidence of the industry and of the public.

There is general agreement that the existing regulatory framework has become outdated because of rapid changes in technology, markets and consumer behaviour over the past six years. The communications industries are regulated in different ways by separate regulators, yet they are coming increasingly closer together in their ownership and in their operation. The evidence is all around us: television and radio companies are linked to newspapers; traditional media are developing websites; cable companies deliver television, radio, telephony, interactive services and broadband internet. This converging industry needs a converged regulator, providing industry-specific regulation with a light touch: a framework that protects the citizen while setting business free; and a regulatory framework that offers certainty where it is needed for business plans and investment, and flexibility where it is needed in a fast-moving environment.

Previous legislation in 1984, 1990 and 1996 has left us with clumsy regulation that inhibits investment and reduces efficiency. The ownership rules send the signal that the UK is not open for investment in our communications industries. The rules on newspaper ownership are opaque, discriminatory and still retain criminal sanctions. The rules on news on ITV have seen investment in ITN fall. Furthermore, technology is changing, throwing up new challenges and new opportunities. The case for change is therefore compelling. The twin ideals of regulation are to be light-touch yet effective. But the current rules are neither.

The communications industries are vital to the health of the British economy and to our democracy. Every week we watch more than 1 billion hours of television, listen to more than 1 billion hours of radio and buy 100 million

national, regional and local newspapers. The BBC licence fee costs each viewing household £112 a year and raise £2.5 billion. We send billions of text messages a year; three-quarters of adults use mobile phones; and 24 million homes have internet access.

Crucially, our democratic debate could not take place without newspapers, television channels, radio stations and internet sites that tell us what is happening. Those sources can be biased, sometimes wrong, and occasionally strident. There are many of them, however, and people can hear many voices. This plurality must be protected at all costs.

The White Paper proposed one regulator—Ofcom—to replace the Independent Television Commission, the Radio Authority, the Radio Communications Agency, the Broadcasting Standards Commission and Ofstel. It also suggested that Ofcom should have sector-specific powers to promote competition; that quality public service broadcasting should be protected; the introduction of measures to enable universal access to public service broadcasting channels over all main platforms; the consolidation of ITV subject to competition rules; the simplification of regulation for commercial radio; that BBC regulation be brought within Ofcom for basic standards and for specific public service broadcasting requirements, while retaining the regulatory role of the BBC governors; and the promotion of broadband. Since then, the policy has been developed, the detail of which is contained in this draft Bill, supplemented by the policy document.

With regard to the structure of Ofcom, its top board will operate at the highest strategic level. It must be able to move quickly and with agility to address issues in a fast-moving sector. At the heart of its operations will be its sector-specific responsibility to promote competition, to curb abuses of dominant market positions and to ensure fair access to dominant network systems and platforms. In addition, all broadcasters, including the BBC for its commercial services, will continue to be subject to the Competition Act 1980.

Ofcom will have a number of other duties to promote certain interests, especially those of nations and regions. That is why we are providing for Ofcom to establish a content board as an integral part of its structure. It will be a significant body, bringing together diverse interests, including those of the different nations of the United Kingdom. There will also be a consumers panel that is able to articulate the needs and views of consumers, again with strong representation from Scotland, Wales and Northern Ireland.

The draft Bill proposes a regulatory regime that will be lighter in touch, with greater reliance on self-regulation by all broadcasters. Ofcom will be taken out of day-to-day regulation and will use its backstop powers only if licensed broadcasters fail to deliver.

Ofcom's responsibilities will extend to the BBC for the basic broadcast standards and for agreed quotas for such things as regional and independent production while setting the general standards across the industry. It will be responsible for general reviews of public service broadcasting. However, the quality of BBC output under its public service remit will remain fully regulated by the governors. This regime, with its detailed scrutiny by governors, is a measure of the special role that the BBC fulfils. This system has developed because the BBC's obligations are the greatest, not the least.

But we recognise that the media of the future must provide the high-quality public service broadcasting that people have enjoyed in the past. Competition alone cannot guarantee this. Public service broadcasting nurtures creativity. It is vital to independent producers. It provides training grounds that sustain the whole sector. It meets the particular needs of local and regional communities, both in programming and in production. And in the case of the BBC, the £2.5 billion raised annually by the licence fee is venture capital for the whole of British broadcasting.

Most important, public service broadcasting works for the public. The draft Bill therefore proposes for the first time to define public service broadcasting and to consolidate in statute the hierarchy of public service broadcasting obligations that viewers and listeners will readily recognise.

The draft Bill is much more than a system for regulating the content of television and radio broadcasting. Telecommunications have become ever more important to our economy and to our society. By bringing together the functions of Oftel and the Radiocommunications Agency with those of the Independent Television Commission, the Radio Authority and the Broadcasting Standards Commission, we will ensure that content, economics and technology are viewed as a piece, not as fragments.

The competition responsibilities for Ofcom are intended to deliver dynamic competitive markets in networks and infrastructure as well as in content. Our economy needs access to networks to be opened up. That means a regulator that is light-touch where possible, but powerful where necessary.

The new regime for telecoms will enable Ofcom to operate within a harmonised European framework, providing greater certainty so that UK companies are better able to sell their services abroad. The new regime will be lighter in touch, removing the requirement for licensing of telecoms systems—thereby removing about 400 licences—and replacing it with a much simpler regime for electronic communications. The new regulator will have the right responsibilities and powers to promote competition, tackle abuses and make sure that consumers' interests are protected.

We will also extend the principles of deregulation and market competition to the allocation of the radio spectrum by introducing spectrum trading. Spectrum is to the modern age what iron and steel were to the first industrial revolution, and it must be used efficiently. Companies must know that they can gain access to spectrum so they can bring their ideas to the market. In future, as well as being able to apply for a licence, firms will also be able to buy spectrum from an existing user within the terms of that licence. That should prevent the hoarding of spectrum, increase the number and range of users, deliver significant benefit to businesses and consumers and promote the innovation on which the future of United Kingdom competitiveness depends. The proposals are being finalised with the recommendations of Professor Sir John Gifford's independent review of spectrum management that was published in March. We intend to respond to that report by the summer and I therefore emphasise that all spectrum management provisions are subject to revision.

The draft Bill will continue our policy of not imposing regulation on the operation of the internet, although we will continue to work with the industry to improve the standards of protection available through self-regulation.

Lastly, on media ownership, competition and competition rules to regulate undue economic power are increasingly recognised here and abroad as the best means of delivering innovation, investment and employment. It is our intention to apply the same principles to the communications industry. But the media are different from other industries in one crucial respect: they are uniquely important to the debate that underpins our democracy. Citizens need access to a range of different media voices if they are to take informed decisions. So we need a system that delivers a plurality of owners and a diversity of output.

Our approach is simple and proprietor-neutral. We will deregulate where it is possible to rely on competition law to maintain a range of voices; where it is not, we will establish clear, predictable rules. The changes that we are proposing today will remove barriers to investment, will encourage innovation and will allow companies to consolidate and expand.

Ofcom will combine the important twin roles of promoting competition while protecting plurality and diversity. Within television, radio and newspaper markets, competition law will tend to encourage dispersed ownership and new entry. We will therefore remove most ownership rules within those markets, retaining only those that we need as minimum guarantees of plurality.

Overall, we intend to get rid of or relax most rules concerning media ownership while keeping those necessary to protect the public interest. We will strengthen safeguards for news and other broadcast content. The rules that we will scrap include those which prevent the ownership of a single ITV, those which prevent large newspaper groups from acquiring Channel 5 and those which prevent ownership of more than one national commercial radio licence. In addition, we will ease the complex rules preventing consolidation of ownership of local commercial radio and scrap the criminal sanctions that apply in the newspaper merger regime.

We also intend to scrap the inconsistent rules that prevent the non-European ownership of some broadcasters. It makes no sense that French, Italian or German companies can own television and radio licences, but Canadian, Australian or United States companies cannot. The resultant inward investment should allow the UK to benefit rapidly from new ideas and technological developments. New blood and new competition will help to give our industry the edge.

The recent report on communications by the Select Committee on Culture, Media and Sport, for which I thank my right hon. Friend the Member for Manchester, Gorton (Mr. Kaufman) and his colleagues, made a case for relying on competition law alone, but we do not believe that that will guarantee the plurality of ownership that democracy demands. We will therefore retain three key limits on cross-media ownership to safeguard debate at every level—national, regional and local. First, recognising that most people get their news and information from national newspapers and terrestrial television, we will keep a simple rule that any newspaper group with more than 20 per cent. of the national market will not be able to own a significant stake in ITV,

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the only commercial public service broadcaster with universal access to a mass audience, currently 25 per cent. of all television viewing. Secondly, a parallel 20 per cent. rule will prevent anyone with a dominant position in local newspapers from owning the regional ITV licence in the same area. Thirdly, there will be a scheme to ensure that at least three commercial local or regional media voices exist—in newspapers, TV, and radio—in addition to the BBC in almost every local community.

Where necessary we will retain and strengthen content regulation to ensure the quality, impartiality and diversity of broadcasting services. Ofcom will have the power to investigate the news and current affairs programming of any local radio service if it has concerns about accuracy or impartiality. It will have a new duty to protect and promote the local content of local radio services. It can vary any licence on change of control, to ensure that the character of the service is maintained. For ITV, that will protect regional production and programming requirements. Ofcom will oversee the nominated news provider system for ITV, to ensure high-quality and independent news on free-to-air public service television.

In conclusion, these changes are deregulatory. We will depend more on competition and on competition law exercised by a sector-specific regulator. Ownership regulations will disappear or be reduced. Self-regulation will be extended wherever possible. Complex schemes for licensing networks and access to them will be scrapped and replaced with a streamlined system. All regulations will be reviewed regularly.

The rules that remain will be simple and purposeful, and will include a streamlined system for newspaper mergers, simple limits on cross-media ownership of ITV and the largest newspaper groups, and minimum levels of ownership for local radio and for cross-ownership by local newspapers. There will be content rules in broadcasting to ensure UK production, regional production, local and regional programmes and accurate, impartial news and information. Public service broadcasting will be protected in the digital future as it has been in the analogue past.

The reform of the regulation of this vital sector is a major task. The draft Bill will exceed 250 clauses. The accompanying documents also indicate areas of policy not yet fully reflected in the draft clauses, notably those giving effect to the policies on media ownership which I have announced today. Like the changes to the BBC agreement, these will be published shortly so that they can be considered alongside the draft Bill. Our proposals are subject to a three-month consultation period, and I am delighted that both Houses have agreed also to subject the draft Bill to pre-legislative scrutiny. We shall introduce the Communications Bill itself as soon as parliamentary time allows.

My right hon. Friend the Secretary of State for Trade and Industry and I want Britain to have the most dynamic communications industry in the world. We want Britain to continue to have the best-quality TV and radio in the world. This Bill is the route map to making those ambitions a reality. We look forward to hearing the views of hon. Members and we commend the draft Communications Bill to the House.

Mr. Tim Yeo (South Suffolk): I thank the Secretary of State for her statement and for making it available to me

in advance. I warmly welcome the announcement of moves towards less regulation which reflect the huge changes that have taken place since the law was last updated. A less onerous regime is necessary if Britain's leading role in these industries is to be preserved.

I regret that, more than five years after the Government's original manifesto commitment on this issue was made, we still do not have all the details of their policy, and I hope that the gaps will be filled in soon, so that pre-legislative scrutiny, which I also welcome, can be effective.

Starting with the rules on media and cross-media ownership, I strongly support the relaxation of the present regime, whose restrictive provisions are no longer justified in light of the wider choice available to consumers as a result of new technology and the enterprise shown by many in the industry. I am very disappointed, however, that the Government are not willing to go all the way and leave questions of media and cross-media ownership entirely to the competition authorities.

The Secretary of State proposes to retain three extra limits on cross-media ownership. Why are they necessary, and why can the competition authorities and the marketplace not safeguard adequately the public interest? Extra controls on media and cross-media ownership are no longer needed, especially as leaving decisions about ownership to the marketplace, subject to the constraints of competition law, would not mean that the content of television and radio programmes would be completely unregulated. The authorities would continue to monitor content through their codes and their duty to preserve diversity and choice for consumers.

On the issue of monitoring content, will Ofcom distinguish between harmful material, for which regulation is needed, and offensive material, for which a much lighter touch is appropriate. I welcome references by the Secretary of State to promoting competition. Given that Ofcom will be an enormous organisation, is the Secretary of State aware of the danger that it could become a lumbering bureaucratic giant that obstructs rather than promotes competition? Given that the paving Bill for Ofcom was approved by Parliament more than two months ago, what progress has been made in setting the organisation up?

In promoting competition, how does the Secretary of State envisage that Ofcom will ensure fair access to electronic programme guides? Similarly, how will fair access to competing platforms be secured? As the Secretary of State undertook 11 days ago to keep Parliament in touch with her policy on digital terrestrial television, will she explain whether the Government still intend to switch off the analogue television signal by 2010, what steps she is taking to secure the survival of the digital terrestrial platform, and when the Government will set out the way in which they will increase the strength and reach of the digital television signal?

I welcome references to spectrum trading. Spectrum is a finite resource, the value of which has recently been more clearly recognised. One of the criteria by which Ofcom will be judged is whether it will achieve the aim of more efficient use of spectrum.

On the BBC, I look forward to debating the definition of public service broadcasting that is in the Bill. Does the Secretary of State agree that the proposed relationship

between Ofcom and the BBC will perpetuate an unlevel playing field to everyone's disadvantage? Does she agree that the issue must be settled during the passage of the Bill and cannot be left until the debate about the renewal of the BBC charter? Does she accept that if the BBC was brought fully within the remit of Ofcom, there would still be a role for the governors? Does she accept concerns about the extent to which the BBC is using its uniquely privileged funding basis to supply services which could be left to the market to provide? If, when the Joint Committee finishes scrutinising the Bill, the Government reject any of its recommendations, will the Secretary of State publish in advance of Second Reading their reasons for doing so?

The Bill is huge—nearly 260 clauses—and deals with issues crucial to consumers and business. Britain has an opportunity to lead one of the 21st century's most important industries, building on our record of innovation, high-quality public service broadcasting and our large pool of creative and entrepreneurial talent. Ofcom can help that process only if it adopts the lightest possible touch, but, equally, it can hinder it if Ministers or regulators get drawn too closely into matters that should be left to the market and the industry to resolve. I trust that the Secretary of State recognises that the acid test of her proposals is whether the regime that she is setting up operates with a light touch rather than a heavy hand.

Tessa Jowell: The hon. Gentleman made many points. Because I spent some time on my statement, I shall not repeat arguments that I made then.

On content, as I have suggested, Ofcom will establish a content board whose membership, importantly, will be drawn from every part of the United Kingdom. The content board will develop codes. It will have a close relationship with the broadcasters and the industry, but content will also be determined for the public service broadcasters by the three-tier regulatory structure. Tier one and tier two will apply to all public service broadcasters including the BBC, and tier three will allow self-regulation of content by the public service broadcasters regulated by Ofcom. Tier three for the BBC will be regulated by the governors.

On the hon. Gentleman's point about the distinction between acceptable and unacceptable standards in television, the content board will be charged with responsibility for developing media literacy and will begin to codify such standards as its work develops.

On the size of the Ofcom board, when the Minister for Tourism, Film and Broadcasting, my hon. Friend the Member for Pontypridd (Dr. Howells) took the Bill through the House, he constantly repeated the benefit of the Ofcom board being small. It is our intention to ensure that, with wider representation on both the content board and the consumer panel. We are making arrangements on the establishment of Ofcom, with the agreement for chairman appearing in the national newspapers yesterday.

On the obligations relating to electronic programme guides, as we move to switch-over and as the number of channels increases, this area of technology will become more important. The operation of electronic programme guides will be subject to codes of practice that will be developed by Ofcom.

Will the Government's intention to work with the industry and the broadcasters to achieve analogue switchoff between 2006 and 2010, subject to two tests—

first, the affordability test and secondly, the accessibility test. The accessibility test means that everyone who currently receives an analogue signal should be able to receive a digital signal.

The final point is the relationship between the BBC and Ofcom. It is important to recognise that the White Paper argued the case for a twin system of regulation—the governors for the BBC and Ofcom for the other public service broadcasters and the rest of the broadcasting industry. That is the position that we have maintained. However, it is important to be clear about the extent to which there will be a level playing field between the standards applying to the commercial public service broadcasters and the BBC.

Standards set at tier one—the general standards that apply to all broadcasters—will apply equally to the BBC. At tier two, the quantitative aspects of broadcasting—the proportion of regional production, independent production and so on—will be set by Ofcom and will also apply to the BBC. I have outlined the new shape of regulation at tier three where, arguably, the BBC will be subject to much tougher regulation because of the regular monthly vigilance of the governors, whereas the other broadcasters will be subject to post hoc regulation by Ofcom against their statement of programme policy.

The BBC will be accountable to Ofcom for all its commercial standards. *[Interruption.]* I am trying to do justice to the questions asked by the hon. Member for South Suffolk (Mr. Yeo), but there is fizzing and grunting from those on the Opposition Front Bench.

My final point is that in developing the Bill, we have proceeded from very clear principles, whether in relation to the structure and purpose of Ofcom or the new proposals that I have announced in respect of media and cross-media ownership. That is in direct contrast to the Opposition's approach. When they last introduced a broadcasting Bill—it became the Broadcasting Act 1996—that approach looked to fixing particular proprietors and institutions. The media industry in this country has paid the price ever since.

Mr. Chris Smith (Islington, South and Finsbury): My right hon. Friend has reiterated that, in the draft Bill, the BBC will fall within the purview of Ofcom for basic regulation in tiers one and two, but not for the backstop powers that will apply to all other public service broadcasters. Can she confirm that that decision is not set in stone and that it is open to further debate and discussion? Will she seize the opportunity made available by the offer of the chairman of the BBC board of governors to discuss whether the role of Ofcom can indeed be enhanced at the level of tier three—an issue that will form a major part of public discussion about the Bill?

Tessa Jowell: Those are precisely the sort of issues that stress the importance of the pre-legislative scrutiny to which I have referred. There will be scrutiny by both Houses, together with further consultation with the industry, to ensure that a very large and complex Bill will work and deliver our stated aims in practice.

Nick Harvey (North Devon): May I welcome the final publication of the Bill and also the general direction in which it travels? On the issue of ITV companies merging into one, there is clearly a strong commercial case,

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but should not there be two prerequisites? First, there should be more rigorous news programming requirements in the light of ITN's cuts. Secondly, regional programme making should mean just that: making programmes in the regions and not centrally with changing regional backdrops.

I welcome the general thrust of the cross-media ownership rules that the Secretary of State is introducing. If each sector is competitive, we do not need to be so pre-occupied with cross-media ownership issues. However, if she is to allow The News Corporation potentially to own the Channel 5 licence, will she consider as a *quid pro quo* allowing Ofcom to regulate the platforms as Ofgem does in the energy sector? The sort of battle that has occurred between Sky Television and ITV about access to satellite services could then be resolved by the regulator and not by a two-year process going through the competition authorities.

Will the Secretary of State now promote free-to-air digital terrestrial television as a way of salvaging that platform? Is there any country with three viable subscription platforms?

Finally, will the Secretary of State ensure that the new technologies, especially in broadband, are available throughout the country? When telephone, television and radio became available, it was a matter of public policy that everybody everywhere, however remote the place where they lived, obtained those technologies. A market would never have delivered any of them. Will she ensure that everybody in the country gets access to the new technologies on equal terms?

Tessa Jowell: First, in relation to the potential for consolidation of ITV, it is important to be clear that we are proposing to remove the media ownership obstacle. Clearly, the competition rules will still apply. In the event of the ITV companies seeking to merge, the proposed merger would no doubt be considered by the Competition Commission. Secondly, yes, the Bill contains provision for the proper continued networking of ITV. Thirdly, when the hon. Gentleman has an opportunity to study the detail of the Bill, he will also see that we have included provision for ITV news to be properly funded. There is, rightly, considerable concern about the drop in value of the contract and the consequence for the quality of news coverage.

On platform regulation, Ofcom and the Office of Fair Trading will have concurrent powers. Access for broadcasters to the satellite platform will be fair, reasonable and non-discriminatory, and that will be overseen by Ofcom. Who knows who might want to buy Channel 5 if it ever came up for sale? Many American, Australian, Canadian and European media companies could be interested. The important point is that we will ensure, through tough content regulation, that we preserve the distinctiveness of British broadcasting while opening up the possibility of investment from all over the world.

David Winnick (Walsall, North): Does not the health of our democracy, to use my right hon. Friend the Secretary of State's words, depend on there being no weakening of media ownership rules? It would be entirely undesirable for a situation to develop whereby one or two

individuals or companies could own more of the press and television than they do now. There is great concern about that, certainly among Labour Members.

Tessa Jowell: I thank my hon. Friend for his question, which in a sense makes the case for the proposals that I have set out. We hope that we are striking a proper balance between competition and the benefits that it will bring to UK media: competition that is, where necessary, tempered by regulation in the interests of preserving many voices—diversity—through a plurality of owners.

Michael Fabricant (Lichfield): Three times the right hon. Lady talked about a regulatory light touch. Does not she accept that by tinkering with the ownership rules, she will create a situation whereby the Silvio Berlusconi of this world, who runs porno channels in Italy, could take over ITV, but Rupert Murdoch, who owns *The Times* and *The Sun*, could not?

Tessa Jowell: Currently, ownership is open to people who are resident in the European Economic Area. That is precisely why we decided to make changes in relation to Channel 5 and to loosening cross-media ownership rules. ITV is a major national broadcaster, commanding an audience share of at least 25 per cent., and a major source of news for many people. It is right that we maintain a limit on the degree of cross-ownership as regards major newspaper proprietors and the ownership of ITV.

Mr. Derek Wyatt (Sittingbourne and Sheppey): I welcome most of what my right hon. Friend said, but I want to raise a couple of points.

If I asked hon. Members who produced "Friends", "The Forsyte Saga", "Big Brother" or "Bertie and Elizabeth", they probably would not be able to say. What is important is not how one watches, but what one watches. What needs careful regulation is not who owns the overarching companies, but who owns the production companies.

Will my right hon. Friend allow a free vote in the House on whether the BBC should be regulated by Ofcom? It seems to me that only the Executive are against the BBC being regulated by Ofcom; certainly, it is not the wish of the House.

On digital satellite, will she ensure that the underlying software is not owned by the company that runs the platform, so that many software designers can put their games and other information on to the platform in an open, not a closed, format?

Tessa Jowell: I thank my hon. Friend for his comments. His last point, which raised competition issues, will be a matter for Ofcom and the Office of Fair Trading. Secondly, on the governance of the BBC and its relationship with Ofcom, I hope that I have made the extent of overlap and counter-accountability clear. The chairman of the BBC governors has made changes largely in response to the debate that took place in Parliament on the Office of Communications Act 2002 to tackle transparency and accountability, and separate the governors' role as a regulatory body from that as an executive body. I welcome that.

My hon. Friend the Member for Sittingbourne and Sheppey (Mr. Wyatt) is right that much of the detail of our debate on the communications Bill will pass most

people by. However, I hope that the benefits will be apparent: rich, vibrant television; good, distinctively British content, and a flourishing broadcasting and media industry that will maintain our position as a world leader.

Miss Julie Kirkbride (Bromsgrove): Will the Secretary of State answer the question that her hon. Friend—and mine—the Member for Sittingbourne and Sheppey (Mr. Wyatt) asked about whether hon. Members will be given a free vote on the BBC? Will she also clarify the rules that she intends to set out for ITN? As she pointed out, it has experienced a diminution in investment in recent years. Does she intend to change ITN's ownership structure?

Tessa Jowell: First, whether hon. Members vote on the relationship between the BBC and Ofcom is a matter for the House. Pre-legislative scrutiny will take place; the Bill will be introduced when time allows, and I am sure that the relationship between Ofcom and the BBC will form one of the key debates that shape our proceedings on the Bill.

Secondly, the hon. Lady asked about the ownership structure of the nominated news providers. When she has a chance to study our proposals, it will be clear to her that they intend to alter the current ownership structure, which deters the necessary investment that I mentioned. We propose to alter the balance of the ownership structure and thus allow for three owners rather than the current five, with a maximum share of 40 per cent. We proposed that because we believe that it will provide much needed investment for the nominated news provider.

Mr. Eric Martlew (Carlisle): I want to take my right hon. Friend back to the consolidation of ITV. If we get a single company, will we have only one broadcaster or will we keep the regional broadcasters, such as Border television in my area? Does the Bill include plans to change the boundaries? To echo a point that has already been made, will the Bill contain an assurance that news programmes will not only be made in but broadcast from the regions?

Tessa Jowell: When my hon. Friend has a chance to study the Bill and the policy narrative, I think that he will be pleased to read assurances about both points. Clear quotas for regional and independent productions will be set for the ITV companies at tier two, which will make judgments about qualitative performance. As I said in answer to an earlier question, ITV's network system with its regional character will be able to continue.

Mr. Richard Allan (Sheffield, Hallam): The Secretary of State is introducing a Bill on behalf of two Departments to promote broadband in Britain. Does she agree that that requires action across Government? Will she examine proposals on which her colleagues in the Department for Transport, Local Government and the Regions are working to charge late rental access fees to communications companies that want to put in new broadband infrastructure and ensure that they do not work against the Bill's objectives?

Tessa Jowell: Yes, we are working across Government to encourage further penetration and take-up.

Mr. Gerald Kaufman (Manchester, Gorton): My right hon. Friend has twice referred to the inadequacy of the

previous legislation, including the Broadcasting Act 1996. One of the problems with that Act was that it was out of date before it even reached the statute book. Does my right hon. Friend accept that she is legislating not for an Act for May 2002 but for an Act that will have to last until the end of this decade or the beginning of the next one? That is the perspective that she should adopt, with regard not only to cross-media ownership—in which I think that she is mistaken in imposing these pretty arbitrary percentages, which are comparable to those in the 1996 Act—but to the way in which Ofcom conducts itself.

Will my right hon. Friend take seriously into account the proposals, published in the Select Committee's report last week, that both Ofcom and the BBC board of governors should meet in public in the way that the Federal Communications Commission does? Will she also assure the House that, when she speaks about the need for different voices, that will include giving a proper position to community radio, which she has not referred to today?

Tessa Jowell: I studied the Select Committee report at the weekend and was particularly taken by the proposals concerning the governance of Ofcom and the BBC. Ofcom will clearly operate on the Nolan principles. It will be a matter for the bodies themselves whether they meet in public; clearly, there will be occasions on which matters of commercial sensitivity will need to be considered. I entirely share my right hon. Friend's view, however, that, as an operating principle, public bodies such as these should meet in public and provide specific reasons as to why it might be necessary to meet in camera from time to time.

I know that the Select Committee has been very interested in the position of community and access radio, and in the present uncertainty over restricted service licences. I hope that both spectrum planning and the results of the current access radio pilots will be able to inform future policy in this area. In principle, we see great opportunities for the development of community radio and considerable opportunity for the extension of the restricted service licences.

The answer to my right hon. Friend's final question is yes, it is our ambition to view this as legislation that will last, certainly through the analogue switch-off. We are talking about legislation that should stand the test of time for eight to 10 years. It is important that it should be subject to the degree of scrutiny that we are proposing, to ensure that it is fit for that very demanding future.

Mr. Andrew Lansley (South Cambridgeshire): Does the Secretary of State realise that, in the course of answering questions this afternoon, she has twice suggested that competition rules will be relied on to deliver plurality and diversity where media ownership rules have disappeared? If she wishes to say that the British broadcasting and communications industries are open for investment and will be flexible in the future, with the least possible regulation consistent with efficiency, does she not realise that competition is the mechanism by which that can be achieved? Will she at least acknowledge that, in the course of the coming scrutiny, she will be open to the argument that competition might be a more efficient and lighter-touch way of delivering this objective?

Tessa Jowell: It is important that the House takes account of the extent to which this is a deregulatory Bill

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in relation to cross-media ownership and media ownership. We have scrapped at least 12 of the existing media ownership and cross-media ownership rules, keeping only a minimum of three rules that we believe are necessary for the preservation of plurality and diversity. There will certainly be plenty of opportunity during the passage of the Bill, and in the Government's response to the Select Committee report, to reflect on why a degree of regulation is important to secure the essential place of the media in our democracy.

I should add that it is clear from the regimes operating in other European countries, and indeed throughout the world, that those countries are trying increasingly to use a system underpinned by competition, while recognising—just as we do—that a plurality of voices and a diversity of content cannot be guaranteed by competition alone.

Jim Sheridan (West Renfrewshire): Can my right hon. Friend give us any idea of the protection, if any, that will be offered to those who are subjected to extremely spurious allegations through the internet, which are offensive to both friends and family? What options will the Bill provide to enable those responsible to be dealt with?

Tessa Jowell: As my hon. Friend will know, we do not propose any specific regulation of the internet, but I understand that the libel laws apply to internet use, as does other legislation such as the Obscene Publications Act 1959. We are working with the Internet Watch Foundation to encourage and promote more self-regulation through the introduction of codes, and although Ofcom will have no regulatory role in that context, it will have an interest.

Mr. Simon Thomas (Ceredigion): Both Plaid Cymru and the Scottish National party look forward to getting their teeth into the meat of the Bill.

May I suggest that the Secretary of State add a third principle to her twin principles of regulation—or at least that the House add a third? I refer to democratic accountability. Many people in Scotland and Wales feel that Ofcom, in its present form, represents a step backwards from that principle.

Will the Secretary of State tell us a little more about how Ofcom will work with the devolved Administrations in Scotland and Wales, and indeed in Northern Ireland, where there are unique communications issues? For example, will her tests for the digital switch-on apply to the United Kingdom as a whole, or can they be applied to its constituent nations?

Tessa Jowell: We take those points very seriously. Ofcom must be seen, and trusted, as a body with the capacity to represent the interests of the United Kingdom as a whole. That is why—as I hope I have made clear—each devolved nation will be represented on both the content board and the consumers panel. There will also

be an Ofcom office in each devolved nation. Moreover, Ofcom's terms of reference—the principles that will guide its operations—will include the need to take account of the needs and interests of the regions.

Mr. Calum MacDonald (Western Isles): Does my right hon. Friend agree that broadcasting policy must reflect the full cultural diversity of the United Kingdom, particularly the indigenous minority languages of Gaelic and, of course, Welsh? I am glad that Gaelic broadcasting will continue to be part of the Government's overall responsibility. Will my right hon. Friend agree to meet me, and representatives of the Gaelic broadcasting community, to discuss these matters further in the spirit of consultation of which she has spoken?

Tessa Jowell: I should be delighted to meet my hon. Friend. I have already discussed the matter with the Secretary of State for Scotland, in the light of recommendations in the Milne report. It is clear that much can be done to improve the range and quality of Gaelic broadcasting, and that Ofcom should and will have a role in that.

Lady Hermon (North Down): I am sure that the Secretary of State is aware of the broadcasting obligations set out in the Belfast agreement of 1998. Do the Government intend to implement those obligations in the Bill? If so, what discussions has the right hon. Lady had with the Secretary of State for Northern Ireland?

Tessa Jowell: It is important to be clear that broadcasting is a reserved not a devolved matter. As the hon. Lady noted, provisions in the Belfast agreement give certain powers to Ministers in the Assembly. In recognition of the fact that broadcasting is a reserved matter, it is not our intention that those powers should be represented in the main Bill. I have discussed the matter with my right hon. Friend the Secretary of State for Northern Ireland.

Mr. John Grogan (Selby): Does my right hon. Friend agree that the proposals will mean much tougher external regulation for the BBC under tier one and tier two than was the case under any of her predecessors? Ofcom is essentially an economic regulator, which imposes a light-touch regulation over the commercial companies' public service broadcasting role. The ultimate backstop powers need to be heavy touch to ensure that the BBC maintains its public service roles. Does my right hon. Friend agree that giving Ofcom such powers would exclude the roles of the governors, Parliament and even the Secretary of State?

Tessa Jowell: Yes, the BBC will face tougher regulation than the other public service broadcasters. However, as I said in my opening remarks, I think that that should be the case. I also believe that the backstop powers should remain with the Secretary of State, as the BBC spends licence payers' money, and that requires a particular accountability.

