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To Tessa Jowell  
Patricia Hewitt

cc Andrew Ramsay

File - MO Game Bill

From



Bill Bush

File Ref

Kitty Ussher



Date 29 September 2002

**MEDIA OWNERSHIP AND THE COMMUNICATIONS BILL**

You are meeting in Blackpool to discuss this issue. Your intention is to write jointly to the Prime Minister, setting out the principles behind our policy and our response to others' criticisms. By way of background, this note summarises our arguments and the possible policy changes we could make in those areas where we have come under most fire, particularly from members of the Joint Committee.

I have focused on:

Annex A Foreign ownership

Annex B The notion of a wide-ranging 'plurality test'

You also asked for a note on the special newspaper merger regime. This is being supplied by



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**Possible compromise – for later in the parliamentary process, if needed**

OFCOM would in any event want to look carefully at the nature of a US takeover and its implications. We could formalise this process, require OFCOM to publish a review of any merger involving a non-European company, and give them power to raise the original production quota if necessary, in line with the existing character of the service.

There are other, more drastic measures we could take, which may not be so proportionate, eg. altering the nature of independent production targets, increasing the frequency of PSB reviews, imposing investment targets, employment targets, linking must carry or spectrum charging to PSB performance.

### Problems with the Joint Committee's plurality test in particular

Part of the Committee's plurality test would insist that newspapers maintain 'balance' and accuracy in news coverage, and make a clear distinction between news and opinion. This would effectively impose a form of content regulation on newspapers that wanted to own other media assets, and would dictate that some newspaper owners were more 'fit and proper' to own broadcasting licences than others. It has, understandably, caused significant disquiet in the newspaper industry.

Newspapers and broadcasting have always been subject to different forms of regulation. Readers expect their newspapers to be remorselessly opinionated. They expect broadcasters to behave with balance and impartiality. The content regulation we have in place will ensure that no newspaper owner could transfer a campaigning style to a TV and radio station that they owned. There is no evidence at all that existing cross-media companies (eg. DMGT, SMG) have been guilty of this.

Given spectrum scarcity, those who hold PSB licences are in a position of privilege that carries with it responsibility, and such licence-holders must therefore be 'fit and proper'. Newspaper markets are much more open to market entry, and no such test is appropriate, although where there are significant newspaper transfers the special merger regime will allow Ministers to consider public interest issues.

We do have concerns, from a plurality point of view, about the joint-ownership of ITV, our most influential commercial broadcaster, and a large share of any national or regional newspaper market. That's why we've put firm rules in place to prevent it happening.

### **Possible compromise?**

There is no obvious compromise available on this issue. We have no need for a plurality test, there are obvious dangers in introducing one, and we are committed to a free and self-regulated press.