

John WHEELER MP
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From the Private Secretary

Ack/22 February 1989

I enclose a letter dated 17 February to the Prime Minister from John Wheeler MP concerning the matters he wishes to discuss with her at the meeting which is planned for 7 March.

I should be grateful if you would let me have a suitable brief a couple of days before.

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20.2.

17 February 1989

Dear Prime Minister,

I am grateful to Mark Lennox-Boyd for making arrangements for me to call on you to discuss aspects of Broadcasting policy, with particular reference to the BBC.

As you will know, my Select Committee made a thorough examination of the future of Broadcasting and our Report was cited in many places in the White Paper, "Broadcasting in the 90s". I mentioned some of my concerns in my speech in the recent debate on the White Paper.

Part of the intention of my Committee's comments on the BBC was to make the BBC **more efficient** in maximising its opportunities to earn money in the market place and more **directly accountable** to the public. I recognise the scope for the BBC to develop its own sources of income in addition to the licence fee, including thorough exploitation of the subscription services in the night hours. The BBC has begun developing these services which must be successful if the subscription income is to grow to a size large enough eventually to replace the licence fee even in part.

The main case for removing the night hours from one of the BBC's channels to put them out to commercial use has been to offer more competition in advertising. Under the Government's proposals, Channels 3, 4 and 5, not to mention 5 DBS channels and those services on Astra such as Sky, will provide a welter of advertising opportunities in an uncertain market. I notice an announcement by LWT reported only on Wednesday that the current ITV night services are not yet economic and so programming must change. Given the number of opportunities available, I contend that it is not necessary to restrict the BBC in this way to establish the competition which it is Government policy (which I support) to achieve.

In my speech, I was also concerned that the BBC's income from the licence fee should be sustained in real terms for the next few years to enable them to set standards of quality in production while new services are developing. This is not to defend the occasional lapses of editorial judgement inevitable in any broadcasting (or press) organisation although in the BBC's case Duke Hussey and Michael Checkland have achieved a measure of control over these problems. What is at stake is the ability of a sector of British television to make the kind of drama and series for which British television is world renowned.

*D. J. notes
Dad's
have a speech
work.*

The licence fee is in any case good value for money, costing some £5.50 per month as against approximately £15 per month rental for a video cassette recorder and £18.50 for the average cable subscription. In the interim, before it is possible to go to subscription finance, the security of the licence fee, now currently better managed than for some years past, allows the BBC to operate on a lower budget than in an uncertain climate and to persevere with initially unpopular programmes where the independent sector would be unable to wait for them to establish an audience.

I also want to see the BBC able to maximise its income from the licence fee by being responsible for its collection. The present arrangement provides no incentive to the BBC to market its services, being removed from direct contact from licence payers. The Home Office is currently responsible for collecting licence fees. At one and the same time, the BBC could establish a basis from which it could ultimately develop subscription, rather than licensing, finance, and be in a directly accountable relationship with its customers.

Coincidentally with the change from Home Office to BBC collection of the licence fee, I recommended that non-payment should be a civil, rather than a criminal matter.

This recommendation is based on the premise that it is desirable in principle that a wrong, which need not be so treated, should not be dealt with as a criminal offence. The current arrangement has the consequence that an offender who is fined and fails to pay that fine is committed to prison and even that after a lengthy and expensive court process.

In making the recommendation, I had it in mind that the obligation to pay the licence fee should be no different from the requirement of consumers to pay other public charges such as the water rate and standing charges for other public utility services. In particular, I see no reason why the licence fee, payable under the Wireless Telegraphy Act should not be treated on all fours with the provision of the Water Act 1945. Under the Act, the Water Authority or Company can collect its debts through civil process in the County Court with bailiffs able to recover the debt and court expenses once judgement has been made.

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Although the BBC would not have the last resort of cutting off supply, the process of being taken to court and to be publicly branded as a bad debtor would be sufficient to ensure that most people, if not completely feckless or unable to cope with life, paid their licence fee.

In recent years the number of convictions for non payment of the licence fee has escalated to 108,830 in 1984. In the NAO Report of 1985, the Home Office estimate of 1.6 million long term licence evaders was quoted. Clearly the potential exists for establishing a large number of criminal records and fines. Should those fines not be paid, and a proportion of them undoubtedly would not be, the number of persons committed to prison for non-payment of a licence fee-related fine would grow. In 1983, it was estimated that **400 men and 120 women** were imprisoned for non-payment of such a fine at great cost to the tax payer which seems foolish. Seven days imprisonment, according to the latest Home Office figures, costs on average £275.

The Home Office and the BBC are introducing payment of the licence fee by direct debiting. The change in responsibility for collection of the fee may also provide the opportunity to establish computer records of licence payment adapted to the need of new arrangements for collection and enforcement and establishing a customer supplier relationship which could be built on in future.

John Wood
JW
Chairman

Rt Hon Margaret Thatcher MP
Prime Minister,
House of Commons.