

PRIME MINISTER

CABLE SYSTEMS

The Panel of Information Technology (IT) Advisers has now completed its study of cable systems, and their report is attached at Flag A. Its conclusions are summarised in the note by the IT Unit of the Cabinet Office at Flag B.

Briefly the report concludes that there are powerful economic and industrial arguments for encouraging the growth of cable systems in the UK; that with the right incentives, adequate private sector finance should be available; and that early decisions are needed. Perhaps the most sensitive part of the report deals with the implications of cable systems for broadcasting regulations, standards and finance.

Also attached are minutes from Sir Robert Armstrong (at Flag C), and a joint memorandum by Patrick Jenkin and the Home Secretary (at Flag D) on how to handle the report. These recommend:

✓ (a) that arrangements should be made to publish the IT Advisers' report, perhaps in conjunction with a written answer by you to a PQ, which would make it clear that the Government is not at present committed to any of the policies recommended, but is considering the report urgently;

✓ (b) that an official Cabinet Office committee should be set up to study all the issues raised by the report, and that this committee should report to Ministers in the autumn, *why so long? The report's age line is not on our side.*

(c) that the Home Secretary and Patrick Jenkin should circulate a joint memorandum to E Committee proposing that a separate and outside inquiry into the implications for broadcasting of cable systems should proceed in parallel with the wider consideration by officials. This inquiry would be undertaken by a small 3 man group, which would report by 1 October at the latest. The proposed terms of reference for the group are at Flag E.

*Yes - are
comment
only - see
para 1.*

(d) that you should write to Mr. Charles Read, Chairman of the Working Group of the IT Advisers which prepared the report to thank him and his colleagues. A possible letter is at Flag F;

(e) that I should write to the Home Office, Department of Industry and Cabinet Office, conveying your decisions, as at Flag G.

Agree these recommendations?

WM

16 February 1982

I have passed the press comment to the cabinet office. Wm 22/2

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yes
WR 1

ACTION

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16 February 1982

This gives the B.P.C. an very way
Power of production

CABINET

Prime Minister 2

This will be taken at E next Thursday, 25 February. Wm 17/2

MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

DIRECT BROADCASTING BY SATELLITE

Memorandum by the Secretaries of State for the Home Department and for Industry

In this memorandum we seek the approval of our colleagues for steps towards the development of direct broadcasting by satellite (DBS).

2. The paper at Annex B sets out the present position and the background to our proposals. The technology needed for the development of DBS is available and there are strong industrial and commercial arguments for an early start with a UK service. With DoI encouragement British Aerospace, GEC-Marconi and British Telecom have formed a "Joint Venture" to provide a satellite system; not only the industries which they represent, but also the consumer electronics industry, stand to gain substantially from an early UK start, and conversely to suffer if a start is postponed or abandoned - other countries such as France, Germany and Japan are already on the move.

3. The case on broadcasting grounds for embarking on DBS is less clear-cut. There is no immediate need for the additional TV channels it offers; and though DBS services (like other TV services) will no doubt create their own audience in time, in the short term there are risks that there may be more channels than there is good-quality material to fill, and that slow take-up will embarrass the programme providers (and, indirectly, the Government). However, these are risks inherent in any venture of this kind, and we do not believe they should cause us to turn aside from an important technological development of international significance in which the UK is well placed to play a leading role.

4. A Home Office study published in May 1981 reviewed all aspects of DBS, and in his forward the Home Secretary indicated the Government's readiness to consider a modest early start - perhaps two DBS channels (out of the five internationally allotted to us) beginning in about 1986. This course has been favoured by much of the comment received on the study, the general tone of which has been favourable (summary at Annex C). Accordingly we recommend an early start, on the basis set out below.

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