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To Secretary of State cc Andrew Ramsay  
Diana Kahn  
From [REDACTED]  
File Ref [REDACTED]  
Date 7 February 2002 Bill Bush  
Ruth MacKenzie  
[REDACTED]

#### How the existing cross-media rules came to be:

1. You asked for further detail on the history of cross-media ownership rules. We are not permitted to show you papers from the previous administration. I have therefore limited this note to a summary of the principles behind the rules that were set in 1996.
2. Attached are extracts from Hansard from 1990 and 1996 that highlight particular areas of controversy in parliamentary debate.

#### Share of Voice

3. Share of Voice was a serious option in the consultation that preceded the 1996 Bill, but it was generally unpopular and therefore came to be referred to as a possibility in the longer-term.

#### Limiting newspapers

4. There was a great deal of anxiety at the time of the last Bill about changing the rules to allow newspaper proprietors to own any part of the broadcasting media - broadly, the suggestion then was that newspapers make the news whereas broadcasters report it. Any marriage of these two cultures was therefore considered to be concerning, and in need of careful control.
5. The 20:20 rule has no scientific basis but is a 'share of voice'-type formulation, based on the view that it was unacceptable for any one voice to control more than 20% of the national newspaper market and more than 20% of another, broadcasting voice.

6. The rules that make any newspaper group's acquisition of any broadcasting licence subject to a public interest test were considered an important catch-all power to prevent those newspapers who were not limited by any other cross-media rule from acquiring more influence, nationally or locally, than was desirable. The nature of the tests, which are defined in general terms and may be applied to any transaction, was derived from the nature of the special newspaper regime - the two processes were envisaged working in parallel to some extent. In practice the public interest tests have rarely had any effect and have become a burden on both regulator and industry.

#### Limits at the local level

7. Equally, there was a concern to limit the influence that any regional newspaper might have, which contributed to complex and restrictive rules on the joint ownership of local newspapers and local radio stations. It was felt to be important to prevent any one company from becoming a dominant voice in local news of any sort, including that available through local radio, despite its limited speech output and regulation of news and opinion.

#### National TV and radio

8. The rules that prevent joint ownership of national TV licences and national radio stations were built on the principle that licences for terrestrial TV and radio were extremely scarce, and were valuable enough to warrant separate ownership in the interests of plurality.

#### Control

9. The definition of 'control' was broadened in 1996 to identify anyone who could direct a company in accordance with their own wishes, 'by whatever means and whether directly or indirectly' as the owner of that service. Previously someone was only considered to direct a company if they did so through shareholdings or voting rights. The intention was to prevent anyone finding more subtle ways of controlling different companies that would enable them to get round the media ownership rules. The Radio Authority now complain that there are ways of getting round the 1996 definition of control, which they say needs broadening to include the OFT concept of 'material assets'.