

SCHEDULES

SCHEDULE 11

Section 129.

TRANSITIONAL PROVISIONS RELATING TO IBA'S BROADCASTING SERVICES

PART I

GENERAL

In this Schedule—

- “the 1981 Act” means the Broadcasting Act 1981;
- “the Authority” means the Radio Authority;
- “Channel 4” means the additional broadcasting service referred to in section 10(1) of the 1981 Act, but excluding so much of that service as consisted, immediately before the transfer date, in the broadcasting of programmes for reception wholly or mainly in Wales, and “on Channel 4” means in the said service;
- “the interim period” means the period referred to in paragraph 1(1) in Part II of this Schedule;
- “local licence” and “local service” have the same meaning as in Part III of this Act;
- “S4C” means the television broadcasting service referred to in section 57(1) of this Act, and “on S4C” means in that service.

PART II

TELEVISION BROADCASTING SERVICES TO BE PROVIDED BY COMMISSION

IBA's television broadcasting services to be provided by Commission during interim period

- 1 (1) During the period beginning with the transfer date and ending with 31st December 1992 (referred to in this Schedule as “the interim period”) the following television broadcasting services, namely—
- (a) ITV,
 - (b) Channel 4,
 - (c) any teletext service provided by the IBA down to the transfer date, and
 - (d) any DBS services so provided,
- shall be provided by the Commission in accordance with this Part of this Schedule.
- (2) The services provided by the Commission as mentioned in sub-paragraph (1) shall be of high quality both as to the transmission and as to the matter transmitted and (subject to paragraph 3(1) below) shall be provided by the Commission for so much of the United Kingdom as may from time to time be reasonably practicable.
- (3) During the interim period the following provisions of the 1981 Act, namely—
- (a) section 2(2),

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- (b) sections 3 to 9,
- (c) sections 14(3) and 15,
- (d) sections 28 and 29, and
- (e) Schedule 2,

shall (subject to the provisions of this Part of this Schedule) have effect in connection with the provision of those services by the Commission as they had effect, immediately before the transfer date, in connection with the provision of those services by the IBA.

- (4) The provisions specified in sub-paragraph (3) above shall have effect in accordance with that sub-paragraph with the following general modifications, namely—

- (a) any reference to the IBA shall (subject to paragraph (b) and sub-paragraph (8) below) be construed as a reference to the Commission; and
- (b) any reference to any of the broadcasting stations used by the IBA shall be construed as a reference to any of the broadcasting stations used in the provision of any of the services provided by the Commission as mentioned in sub-paragraph (1) above.

- (5) Section 3(2)(b) of the 1981 Act shall have effect in accordance with sub-paragraph (3) above with the substitution of the following sub-paragraph for sub-paragraph (ii)—

“(ii) by reason of the termination of any contract with a programme contractor; and”.

- (6) Section 8 of the 1981 Act shall have effect in accordance with sub-paragraph (3) above with the omission of subsections (6) to (9) of that section; but (except in the case of any programme to which the Commission determine that the following prohibition is not to apply) none of the broadcasting services provided by the Commission as mentioned in sub-paragraph (1) above shall include a programme which is sponsored by any person whose business consists, wholly or mainly—

- (a) in the manufacture or supply of a product, or
- (b) in the provision of a service,

the advertising of which in any such broadcasting service is prohibited by virtue of any provision of that Act (as applied by this paragraph) or of the code under section 9 of that Act (as so applied).

- (7) Section 9 of the 1981 Act shall have effect in accordance with sub-paragraph (3) above as if—

- (a) in subsection (1)(a), after “standards and practice in advertising” there were inserted “and in the sponsoring of programmes”;
- (b) in subsection (1)(b), there were inserted at the end “and as regards the sponsoring of programmes so broadcast”; and
- (c) after “methods of advertising” (wherever occurring) there were inserted “or sponsorship”;

and the Commission may give effect to paragraph (a) above by making modifications to the code in force under section 9 immediately before the transfer date.

- (8) Section 29(5) of the 1981 Act shall have effect in accordance with sub-paragraph (3) above as if the reference to requiring the IBA by notice in writing to do, or not to do, anything mentioned in that provision were a reference to requiring the Commission by notice in writing to direct any programme contractor specified in the notice—

- (a) to do, or not to do, that thing, or

- (b) (if the context so requires) to secure that that thing is or is not done.
- (9) Without prejudice to the generality of sub-paragraph (5) of paragraph 2 below, the Commission may make such variations of a contract to which sub-paragraph (1) of that paragraph applies as appear to them to be appropriate for facilitating or ensuring compliance with any direction or notice given to or served on them under section 28 or 29 of the 1981 Act (as applied by this paragraph).

General provisions about programme contracts and programme contractors

- 2 (1) Sections 2(3) and 14(2) of the 1981 Act shall have effect in relation to the Commission and the programmes and teletext transmissions broadcast by them in the services provided by them as mentioned in paragraph 1(1) above as they had effect immediately before the transfer date in relation to the IBA and the programmes and teletext transmissions broadcast by them in the services mentioned in paragraph 1(1); and where a contract between the IBA and a programme contractor or a teletext contractor is effective immediately before that date—
 - (a) the contract shall continue to have effect on and after that date (subject to and in accordance with this Part of this Schedule) as a contract between the Commission and that contractor and any other party to it, and
 - (b) any reference in the contract to the IBA shall accordingly be construed, in relation to any time falling on or after that date, as a reference to the Commission.
- (2) During the interim period the following provisions of the 1981 Act, namely—
 - (a) sections 19(1) to (2B) and 20(2) to (9),
 - (b) sections 21 to 25,
 - (c) sections 32 to 35, and
 - (d) Schedule 4,shall have effect in relation to any contract to which sub-paragraph (1) applies, or (as the case may be) in relation to the programme contractor or teletext contractor under any such contract, subject to the modifications specified in sub-paragraph (3) and subject also to paragraphs 4 and 5 below.
- (3) The modifications of the provisions specified in sub-paragraph (2) are as follows—
 - (a) any reference in those provisions to the IBA shall (subject to paragraphs (b) and (c) below) be construed as a reference to the Commission;
 - (b) sections 21 and 23 shall have effect as if any reference to the IBA's obligation to transmit the programmes supplied by a programme contractor were a reference to the right and the duty of the programme contractor under his contract to provide programmes for broadcasting in one of the services provided by the Commission as mentioned in paragraph 1(1) above;
 - (c) section 22 shall have effect as if any reference to the programmes, or television programmes, supplied to the IBA were a reference to the programmes, or television programmes, supplied for broadcasting in one of those services; and
 - (d) section 32(1)(a) shall have effect as if—
 - (i) for “the branch” there were substituted “the part”, and
 - (ii) for “section 36(2) in relation to that branch” there were substituted “paragraph 12(1) of Schedule 1 to the Broadcasting Act 1990 in relation to that part”.

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- (4) The Commission shall do all that they can to secure that during the interim period no person who is, or is an associate of, a TV programme contractor—
- (a) holds any local licence, or
 - (b) controls any body which holds any such licence, or
 - (c) is a participant with more than a 20 per cent. interest in a body corporate which holds any such licence,
- in a case where the area or locality for which the licensed service is to be provided is to a significant extent the same as the area for which television programmes are to be provided under the TV programme contractor's contract; and this sub-paragraph shall be construed in accordance with Part I of Schedule 2 to this Act.
- (5) The Commission may make such variations of a contract to which sub-paragraph (1) applies as appear to them to be appropriate in consequence of any of the provisions of this Part of this Schedule.

Provisions relating to Channel 4

- 3 (1) Channel 4 shall be provided by the Commission during the interim period for so much of England, Scotland and Northern Ireland as may from time to time be reasonably practicable.
- (2) The programmes (other than advertisements) broadcast by the Commission on Channel 4 shall (without prejudice to section 12(2) of the 1981 Act, as applied by this paragraph) be provided by the Commission.
- (3) In consequence of sub-paragraph (2), sections 3(2) and 6 of the 1981 Act (as applied by paragraph 1 above) do not apply in the case of Channel 4.
- (4) Subject to the modifications specified in sub-paragraph (5), sections 11 to 13 of the 1981 Act shall have effect in connection with the provision of Channel 4 by the Commission during the interim period as they had effect immediately before the transfer date in connection with the provision of that service by the IBA.
- (5) The modifications of the provisions specified in sub-paragraph (4) are as follows—
- (a) any reference in those provisions to the IBA shall (subject to paragraph (c) below) be construed as a reference to the Commission;
 - (b) section 12(1) shall have effect as if for the reference to paragraph 4(1) of Schedule 1 to the 1981 Act there were substituted a reference to paragraph 1(3) of Schedule 1 to this Act;
 - (c) section 12(2) shall have effect as if for the reference to a subsidiary of the IBA formed by them for the purpose there were substituted a reference to a subsidiary of the Commission (being the body corporate formed by the IBA in pursuance of that provision); and
 - (d) in section 13, subsection (4) shall (in consequence of paragraph 1(6) above) have effect with the omission of paragraph (c).

Provisions relating to teletext services

- 4 (1) For the purposes of—
- (a) this Part of this Schedule, and
 - (b) the provisions of the 1981 Act which have effect in accordance with this Part of this Schedule,

teletext transmissions shall not be treated as programmes; but this is subject to sub-paragraph (2) and to any of those provisions of the 1981 Act which expressly requires such transmissions to be so treated for the purposes of any particular provision.

- (2) In paragraphs 1(8) and 2(3)(b) above and 10 below and in the provisions specified in Part I of Schedule 3 to the 1981 Act (as they have effect in accordance with this Part of this Schedule)—

- (a) references to programmes or to television programmes shall be read as including references to teletext transmissions; and
- (b) references to programme contractors shall be read as including references to teletext contractors.

- (3) In section 3(2) of the 1981 Act, in its application to teletext transmissions or teletext contractors by virtue of sub-paragraph (2), the reference to section 2(3) of that Act shall be read as a reference to section 14(2) of that Act (as it has effect by virtue of paragraph 2(1) above).

- (4) The following provisions of the 1981 Act, namely—

- (a) section 20(2)(b) and (3), and
- (b) section 22,

shall not have effect by virtue of paragraph 2(2) above in relation to teletext contractors or their contracts.

Provisions relating to DBS services

- 5 (1) The following provisions of the 1981 Act, namely—

- (a) in section 2(2), paragraph (c) and in paragraph (b) the words “and a proper balance and wide range in their subject matter”,
- (b) in section 4(1), paragraph (d) and so much of paragraph (b) as relates to the giving of a sufficient amount of time in the programmes to news and news features,
- (c) section 20(2)(b) and (3),
- (d) section 22, and
- (e) section 24,

shall not have effect by virtue of paragraph 1(3) or 2(2) above in connection with the provision of DBS services by the Commission or (as the case may be) in relation to DBS contractors or their contracts.

- (2) Every contract between the Commission and a DBS programme contractor shall contain all such provisions as the Commission think necessary or expedient to ensure that the financial and other arrangements for the provision of the satellite transponder are made by the contractor.

- (3) For the purpose of enabling a DBS programme or teletext contractor to make charges for the reception of programmes provided by him or transmissions containing material so provided, the Commission may, notwithstanding anything in the 1981 Act as it has effect in accordance with this Part of this Schedule, broadcast the programmes or transmissions in such a form (whether scrambled, encoded or otherwise) as will prevent persons from receiving them unless they obtain from the contractor the means of doing so.

- (4) Where under the power conferred by sub-paragraph (3) the Commission broadcast programmes or transmissions in such a form as is mentioned in that sub-paragraph,

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nothing in the 1981 Act (as it so has effect) shall be taken as requiring the Commission to permit advertisements to be included in the programmes or transmissions.

- (5) Where any service falling within section 46(1) of this Act is provided during the interim period on any of the spare capacity within the frequencies on which any DBS services are provided by the Commission in accordance with this Part of this Schedule, that service is licensable under section 47 of this Act as a licensable programme service, and not otherwise.

General provisions relating to S4C

- 6 (1) Subject to the provisions of this paragraph and paragraph 7 below, S4C shall be provided during the interim period by the Welsh Authority in accordance with Chapter VI of Part I of this Act.
- (2) During that period—
- (a) any reference in section 57(3) or 58(2) or (4) of this Act to Channel 4 shall be construed as a reference to the Channel 4 service provided by the Commission in accordance with paragraph 1 above; and
 - (b) the reference in section 58(2) to the Channel Four Television Corporation shall be construed as a reference to the Commission.
- (3) So much of section 4(1)(d) of the 1981 Act (as applied by paragraph 1 above) as relates to cases where another language as well as English is in common use among persons served by the station or stations in question, shall, in the case of programmes broadcast by the Commission on ITV for reception wholly or mainly in Wales, apply only to languages other than Welsh.

Broadcasting of advertisements on S4C

- 7 (1) During the interim period the programmes broadcast by the Welsh Authority on S4C for reception in the area of any TV programme contractor may, so long as the provisions of the 1981 Act (as applied by this Part of this Schedule) are complied with in relation thereto, include advertisements provided for insertion therein by that contractor in consideration of payments to him.
- (2) Any such TV programme contractor shall have the right to provide advertisements for inclusion in the programmes broadcast on S4C for reception in his area so long as—
- (a) he makes the required payments to the Commission, and
 - (b) the provisions of the 1981 Act (as applied by this Part of this Schedule) are complied with in relation to such advertisements.
- (3) In sub-paragraph (2) “the required payments” means such payments as are required to be paid by the programme contractor by virtue of any provision of his contract included in pursuance of section 13(2) of the 1981 Act.
- (4) For any period in which programmes are to be broadcast on S4C for reception in the area of a TV programme contractor it shall be the duty of the Welsh Authority to make suitable arrangements—
- (a) for the contractor to receive advance information about the programmes other than advertisements which are to be so broadcast in that period

- and about the periods which will be available for the broadcasting of advertisements; and
- (b) for the inclusion, in the programmes so broadcast in that period, of advertisements provided for the purpose by the contractor in the exercise of his right to do so under sub-paragraph (2).
- (5) No period allocated by the Welsh Authority to the broadcasting of advertisements on S4C shall be located—
- (a) in any break in any programme supplied to them by the BBC; or
- (b) without the consent of the BBC, at the beginning or end of any such programme.
- (6) Orders for the inclusion by a TV programme contractor of advertisements among those provided by him for insertion in the programmes broadcast on S4C may be received either through advertising or other agents or direct from the advertiser.
- (7) During the interim period—
- (a) section 8(5) of the 1981 Act shall apply in relation to the programmes broadcast by the Welsh Authority on S4C as that provision applies, in accordance with this Part of this Schedule, in relation to the programmes broadcast by the Commission on ITV;
- (b) the Commission shall do all that they can to secure that the provisions of—
- (i) Schedule 2 to the 1981 Act (as it applies in accordance with this Part of this Schedule), and
- (ii) the code under section 9 of that Act,
- are complied with in relation to the advertisements broadcast by the Welsh Authority on S4C and in relation to the sponsorship of programmes so broadcast;
- (c) section 9(2) and (3) of that Act shall apply accordingly in relation to advertisements and other programmes so broadcast; and
- (d) (except in the case of any programme to which the Welsh Authority determine that this paragraph is not to apply) S4C shall not contain any programme which is sponsored by any person whose business consists, wholly or mainly—
- (i) in the manufacture or supply of a product, or
- (ii) in the provision of a service,
- the advertising of which on ITV is prohibited by virtue of any provision of that Act or of the code under section 9 of that Act.
- (8) So long as any directions given under section 9(4) of the 1981 Act (whether by the IBA or by the Commission) remain in force, the Welsh Authority shall, in broadcasting advertisements on S4C, give effect to the provisions of the directions as if they were provisions regulating the times when advertisements are to be allowed to be broadcast on S4C.
- (9) Section 60(1) to (4) and (6) of this Act shall not have effect in relation to the Welsh Authority during the interim period.

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Financing of S4C during interim period

- 8 (1) For each financial year, or part of a financial year, falling within the interim period the Commission shall (unless any payment has already been made in respect of it under section 39(1) of the 1981 Act) pay to the Welsh Authority—
- (a) such sum or sums as may be agreed between them to be appropriate for enabling the Welsh Authority to meet their reasonable outgoings, or
 - (b) in default of such agreement, such sum or sums as the Secretary of State may determine to be appropriate for that purpose.
- (2) For the purposes of section 32(1)(a) of the 1981 Act (as applied by paragraph 2 above) all sums paid by the Commission to the Welsh Authority in pursuance of sub-paragraph (1) above shall be treated as expenditure properly incurred in respect of the part of the Commission's undertaking which consists of the provision of television broadcasting services.
- (3) In deciding from time to time whether to make any, and if so what, use of his power under subsection (8) of section 32 of the 1981 Act (as so applied) to amend by order subsections (4) and (5) of that section the Secretary of State may have regard to any increase in the aggregate amount of the payments to be made under the head described in subsection (1)(a) of that section which is attributable to the provisions of sub-paragraph (1).
- (4) The provisions applied to the Welsh Authority by section 52(2) of the 1981 Act shall continue to apply to them on and after the transfer date in relation to any financial year ending before that date; and paragraphs 12 and 13 of Schedule 6 to this Act shall accordingly apply in relation to any subsequent financial year.

Delivery of programmes by means of local delivery services

- 9 Part II of this Act shall have effect as if section 72(2) of this Act included a reference to any television broadcasting service provided by the Commission in accordance with this Part of this Schedule.

Provisions relating to Broadcasting Complaints Commission

- 10 (1) Part V of this Act shall have effect as if—
- (a) section 143(2) of this Act included a reference to any television programme broadcast by the Commission during the interim period;
 - (b) (subject to sub-paragraph (2)) the Commission were—
 - (i) in relation to the provision by them of television broadcasting services in accordance with this Part of this Schedule, and
 - (ii) in relation to the broadcasting of advertisements on S4C during the interim period,
 a broadcasting body within the meaning of that Part of this Act; and
 - (c) the Welsh Authority accordingly were not a broadcasting body within the meaning of that Part of this Act in relation to any such broadcasting of advertisements on S4C.
- (2) Sub-paragraph (1)(b) shall not have effect for the purposes of section 145(5) of this Act; and the Commission shall make such variations of any contract to which paragraph 2(1) above applies as appear to them to be appropriate—
- (a) for requiring the programme contractor under that contract—

- (i) in the case of every programme provided by him which is broadcast by the Commission during the interim period, to retain a recording of that programme for the period of 90 days beginning with the broadcast,
 - (ii) if requested to do so by the Commission for the purpose of enabling them to comply with any requirement imposed on them in pursuance of section 145(4), 155(3) or 167(1) of this Act, to produce any such recording to them, and
 - (iii) if requested to do so by the Commission for the purpose of enabling them to comply with any requirement imposed on them in pursuance of section 145(4) or 155(3) of this Act, to produce to them any transcript of any such programme which he is able to produce to them; and
- (b) for ensuring compliance by the programme contractor with any request to which section 145(7) of this Act applies which may be made to him by the BCC.
- (3) For the financial year which includes the commencement of section 149 of this Act, and each subsequent financial year falling wholly or partly within the interim period, the Secretary of State shall notify to the Commission the sum which he considers to be the appropriate contribution by that body, in respect of the programme contractors under contracts to which paragraph 2(1) above applies, towards the expenses of the BCC; and the Commission shall pay to the Secretary of State any sum notified to them under this sub-paragraph.
- (4) Paragraph 2(1)(g)(i) of Schedule 13 to this Act shall have effect during the interim period as if the reference to the BBC or the Welsh Authority included a reference to the Commission.
- (5) In this paragraph “the BCC” means the Broadcasting Complaints Commission.

Provisions relating to Broadcasting Standards Council

- 11 Part VI of this Act shall have effect during the interim period as if—
- (a) section 152(2) of this Act included a reference to any television programme broadcast by the Commission during that period;
 - (b) the Commission were—
 - (i) in relation to the provision by them of television broadcasting services in accordance with this Part of this Schedule, and
 - (ii) in relation to the broadcasting of advertisements on S4C during the interim period,
 a broadcasting body within the meaning of that Part of this Act; and
 - (c) the Welsh Authority accordingly were not a broadcasting body within the meaning of that Part of this Act in relation to any such broadcasting of advertisements on S4C.

Supplementary provisions

- 12 (1) Any code, notice, direction, approval or other thing drawn up, given or done by or in relation to the IBA—
- (a) in pursuance of a provision of the 1981 Act which has effect during the interim period in accordance with this Part of this Schedule, and

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- (b) in connection with any of the IBA's television broadcasting services, shall, if in force or effective immediately before the transfer date, have effect as from that date for the relevant purposes as if drawn up, given or done by or in relation to the Commission.
- (2) Anything which immediately before that date was in the process of being done by or in relation to the IBA may, if it was being so done as mentioned in paragraphs (a) and (b) of sub-paragraph (1), be continued on or after that date by or in relation to the Commission.
- (3) Sections 61 and 62 of the 1981 Act shall have effect during the interim period for the relevant purposes as if any reference to the IBA were a reference to the Commission.
- (4) In this paragraph "the relevant purposes" means the purposes of the 1981 Act as it has effect during the interim period in accordance with this Part of this Schedule.

PART III

REPLACEMENT OF DBS CONTRACTS BY LICENCES UNDER PART I

Replacement of DBS programme contract by domestic satellite licence

- 1 (1) Where any contract which, by virtue of paragraph 2(1) in Part II of this Schedule, has effect as a contract between the Commission and a DBS programme contractor is effective immediately before the relevant date—
 - (a) the contract shall cease to have effect on that date; but
 - (b) the contractor shall be granted by the Commission as from that date a licence under Part I of this Act to provide a domestic satellite service which, in accordance with section 44(2) of this Act, authorises the provision of a multichannel service on the frequencies on which any DBS services consisting of programmes provided by him under the contract were being provided by the Commission down to that date.
- (2) In sub-paragraph (1) "multichannel service" means a service which to any extent consists in the simultaneous transmission of different programmes on different frequencies.
- (3) Any licence granted in pursuance of sub-paragraph (1) shall be so granted notwithstanding anything in sections 15 to 17 of this Act (as applied by section 44 of this Act); and nothing in section 19 of this Act (as so applied) shall apply to any such licence until such time (if any) as it is renewed in accordance with sub-paragraph (4).
- (4) Section 20 of this Act (as so applied) shall apply to any such licence as if—
 - (a) in subsection (1), the first reference to a period of fifteen years were a reference to the period beginning with the relevant date and ending with the date on which the contract referred to in sub-paragraph (1) would have expired apart from that sub-paragraph;
 - (b) in subsection (6)(b), the words from "a different" to "as" were omitted; and
 - (c) in subsection (9)(a), the reference to any conditions included in the licence in pursuance of section 19 were a reference to any conditions so included in accordance with sub-paragraph (5) below.

- (5) Where any such licence is to be renewed in accordance with sub-paragraph (4), the Commission shall (notwithstanding section 3(4) of this Act) by notice served on the licence holder vary the licence, as from the date of its renewal, by including in it such conditions as appear to them to be necessary or expedient in consequence of sub-paragraph (3).
- (6) Section 3(3) shall, in its application in relation to any such licence, have effect—
 - (a) with the omission of paragraph (a), and
 - (b) as if the reference to Part I of this Act included a reference to this Part of this Schedule.
- (7) Section 41 shall have effect in relation to any such licence with the omission of subsection (2); and the maximum amount which the holder of any such licence may be required to pay by way of a financial penalty imposed in pursuance of subsection (1)(a) of that section shall instead be the sum for the time being specified in section 45(6).
- (8) Except as provided in the preceding provisions of this paragraph, Part I of this Act applies to a licence granted in pursuance of this paragraph as it applies to any other licence to provide a domestic satellite service.
- (9) In this Part of this Schedule—
 - (a) “the relevant date” means the day immediately following the end of the interim period; and
 - (b) “additional services licence” and “domestic satellite licence” have the same meaning as in Part I of this Act.

Power to require licence holder to make additional payments under 1981 Act

- 2 (1) The Secretary of State may by order provide for such of the provisions of sections 32 to 35 of, and Schedule 4 to, the 1981 Act as are specified in the order to have effect (subject to such modifications as are so specified)—
 - (a) in relation to the holder of any licence granted in pursuance of paragraph 1 above, or
 - (b) in relation to any such licence,
 with a view to making provision for and in connection with the making by the holder of any such licence to the Commission of payments determined in accordance with section 32 of that Act in respect of profits or advertising revenue (or both) within the meaning of that section.
- (2) Any such order shall be so framed as to secure that, subject to such modifications as the Secretary of State considers appropriate and to sub-paragraph (4), the provisions of the 1981 Act applied by the order as mentioned in sub-paragraph (1)(a) and (b) so apply in a similar way to that in which they applied immediately before the relevant date in relation to a DBS programme contractor or (as the case may be) in relation to the contract of any such contractor.
- (3) Without prejudice to the generality of sub-paragraph (2), any such order shall provide for any excess of a DBS programme contractor's relevant expenditure over his relevant income to be carried forward and treated as relevant expenditure for the purpose of computing his profits as the holder of a licence granted in pursuance of paragraph 1 above.

Expressions used in this sub-paragraph which are also used in Schedule 4 to the 1981 Act have the same meaning as in that Schedule.

- (4) The power of the Secretary of State to make an order under subsection (8) of section 32 of the 1981 Act shall include power to make an order amending any of the provisions of subsections (4) and (5) of that section in so far as they have effect, by virtue of sub-paragraph (1), in relation to the holder of a licence granted in pursuance of paragraph 1 above.
- (5) Where an order under sub-paragraph (1) comes into force at any time after the relevant date, the Commission shall (notwithstanding section 3(4) of this Act) by notice served on the licence holder vary any licence granted in pursuance of paragraph 1 above by including in it such conditions as appear to them to be necessary or expedient in consequence of the order.
- (6) Nothing in any such order shall impose on the holder of any such licence any liability to make any payment in respect of any time when any conditions included in the licence in accordance with paragraph 1(5) above are in force.
- (7) An order shall not be made by the Secretary of State under sub-paragraph (1) unless a draft of it has been laid before and approved by a resolution of each House of Parliament.

Replacement of DBS teletext contract by additional services licence

- 3 (1) Where any contract which, by virtue of paragraph 2(1) in Part II of this Schedule, has effect as a contract between the Commission and a DBS teletext contractor is effective immediately before the relevant date—
 - (a) the contract shall cease to have effect on that date; but
 - (b) the contractor shall be granted by the Commission as from that date an additional services licence under Part I of this Act which allocates for use under the licence all of the spare capacity within the frequencies on which any DBS services consisting of programmes provided by him as a DBS programme contractor were provided by the Commission down to that date.
- (2) Any such licence shall be so granted notwithstanding anything in sections 50 and 51 of this Act; and nothing in section 52 of this Act shall apply to any such licence until such time (if any) as it is renewed in accordance with sub-paragraph (3).
- (3) Section 53 of this Act shall apply to any such licence as if—
 - (a) in subsection (1)(a), the reference to a period of ten years were a reference to the period beginning with the relevant date and ending with the date on which any contract to which paragraph 1(1) above applies and to which the DBS teletext contractor was a party immediately before the relevant date would have expired apart from that provision;
 - (b) subsection (3) were omitted;
 - (c) in subsection (5), paragraph (a) were omitted;
 - (d) in subsection (7)(b), the words from “a different” to “as” were omitted; and
 - (e) in subsection (10), the reference to any conditions included in the licence in pursuance of section 52 were a reference to any conditions so included in accordance with sub-paragraph (4) below.

- (4) Where any such licence is to be renewed in accordance with sub-paragraph (3), the Commission shall (notwithstanding section 3(4) of this Act) by notice served on the licence holder vary the licence, as from the date of its renewal, by including in it such conditions as appear to them to be necessary or expedient in consequence of sub-paragraph (2).
- (5) Section 3(3) shall, in its application in relation to any such licence, have effect—
 - (a) with the omission of paragraph (a), and
 - (b) as if the reference to Part I of this Act included a reference to this Part of this Schedule.
- (6) Section 55 shall have effect in relation to any such licence with the omission of subsection (2); and the maximum amount which the holder of any such licence may be required to pay by way of a financial penalty imposed in pursuance of subsection (1) of that section shall instead be the sum for the time being specified in section 45(6).
- (7) In sub-paragraph (1)(b) above the reference to spare capacity within the frequencies referred to in that provision includes a reference to spare capacity within those frequencies which (not being spare capacity within the signals carrying a television broadcasting service) is not spare capacity within the meaning of Part I of this Act; and references in that Part of this Act (however expressed) to the spare capacity authorised to be used under an additional services licence shall, in relation to any such licence as is mentioned in sub-paragraph (1)(b), accordingly be construed as including a reference to spare capacity within those frequencies which is not spare capacity within the meaning of that Part of this Act.
- (8) Except as provided in the preceding provisions of this paragraph, Part I of this Act applies to a licence granted in pursuance of this paragraph as it applies to any other additional services licence.

PART IV

SOUND BROADCASTING SERVICES TO BE PROVIDED BY RADIO AUTHORITY

Certain local sound broadcasting services of IBA to be provided by Radio Authority as from transfer date

- 1 (1) So long as any contracts for the provision of local sound broadcasts continue in force on and after the transfer date by virtue of paragraph 2(1) below, the Authority shall provide, in accordance with this Part of this Schedule, local sound broadcasting services consisting in the broadcasting of programmes provided by the programme contractors under those contracts.
- (2) The services provided by the Authority as mentioned in sub-paragraph (1) shall be of high quality both as to the transmission and as to the matter transmitted, and shall be provided for the localities in the United Kingdom for which the programmes in question are to be provided by the programme contractors under their contracts.
- (3) As from the transfer date the following provisions of the 1981 Act, namely—
 - (a) section 2(2),
 - (b) sections 3 to 9,

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- (c) sections 28 and 29, and
- (d) Schedule 2,

shall have effect in connection with the provision of those services by the Authority as they had effect, immediately before the transfer date, in connection with the provision of local sound broadcasting services by the IBA.

- (4) The provisions specified in sub-paragraph (3) above shall have effect in accordance with that sub-paragraph with the following general modifications, namely—
 - (a) any reference to the IBA shall (subject to paragraph (b) and sub-paragraph (8) below) be construed as a reference to the Authority; and
 - (b) any reference to any of the broadcasting stations used by the IBA shall be construed as a reference to any of the broadcasting stations used in the provision of any of the services provided by the Authority as mentioned in sub-paragraph (1) above.
- (5) Section 3(2)(b) of the 1981 Act shall have effect in accordance with sub-paragraph (3) above with the substitution of the following sub-paragraph for sub-paragraph (ii)—

“(ii) by reason of the termination of any contract with a programme contractor; and”.
- (6) Section 8 of the 1981 Act shall have effect in accordance with sub-paragraph (3) above with the omission of subsections (6) to (9) of that section; but (except in the case of any programme to which the Authority determine that the following prohibition is not to apply) none of the broadcasting services provided by the Authority as mentioned in sub-paragraph (1) above shall include a programme which is sponsored by any person whose business consists, wholly or mainly—
 - (a) in the manufacture or supply of a product, or
 - (b) in the provision of a service,

the advertising of which in any such broadcasting service is prohibited by virtue of any provision of that Act (as applied by this paragraph) or of the code under section 9 of that Act (as so applied).
- (7) Section 9 of the 1981 Act shall have effect in accordance with sub-paragraph (3) above as if—
 - (a) in subsection (1)(a), after “standards and practice in advertising” there were inserted “and in the sponsoring of programmes”;
 - (b) in subsection (1)(b), there were inserted at the end “and as regards the sponsoring of programmes so broadcast”; and
 - (c) after “methods of advertising” (wherever occurring) there were inserted “or sponsorship”;

and the Authority may give effect to paragraph (a) above by making modifications to the code in force under section 9 immediately before the transfer date.
- (8) Section 29(5) of the 1981 Act shall have effect in accordance with sub-paragraph (3) above as if the reference to requiring the IBA by notice in writing to do, or not to do, anything mentioned in that provision were a reference to requiring the Authority by notice in writing to direct any programme contractor specified in the notice—
 - (a) to do, or not to do, that thing, or
 - (b) (if the context so requires) to secure that that thing is or is not done.

- (9) Without prejudice to the generality of sub-paragraph (6) of paragraph 2 below, the Authority may make such variations of a contract to which sub-paragraph (1) of that paragraph applies as appear to them to be appropriate for facilitating or ensuring compliance with any direction or notice given to or served on them under section 28 or 29 of the 1981 Act (as applied by this paragraph).

Preservation of certain local sound broadcasting contracts

- 2 (1) Where—
- (a) the IBA has, at any time before the transfer date, entered into a contract with a programme contractor for the provision by the contractor of local sound broadcasts in any locality, and
 - (b) the contract is effective immediately before that date,
- then, unless the contract is one to which paragraph 2 in Part V of this Schedule applies (and subject to paragraph 1 in that Part)—
- (i) the contract shall continue to have effect on and after that date (subject to and in accordance with this Part of this Schedule) as a contract between the Authority and that contractor and any other party to it, and
 - (ii) any reference in the contract to the IBA shall accordingly be construed, in relation to any time falling on or after that date, as a reference to the Authority.
- (2) Section 2(3) of the 1981 Act shall have effect in relation to the programmes broadcast by the Authority in accordance with paragraph 1(1) above as if—
- (a) any reference in that subsection to the IBA were a reference to the Authority; and
 - (b) the reference in that subsection to any such contracts as are there mentioned were a reference to contracts which continue in force by virtue of sub-paragraph (1) above.
- (3) As from the transfer date the following provisions of the 1981 Act, namely—
- (a) sections 19(1) to (2B) and 20(2) to (9),
 - (b) sections 21 to 25,
 - (c) sections 32 to 35, and
 - (d) Schedule 4,
- shall have effect in relation to any contract which continues in force by virtue of sub-paragraph (1), or (as the case may be) in relation to the programme contractor under any such contract, subject to the modifications specified in sub-paragraph (4).
- (4) The modifications of the provisions specified in sub-paragraph (3) are as follows—
- (a) any reference in those provisions to the IBA shall (subject to paragraphs (b) and (c) below) be construed as a reference to the Authority;
 - (b) sections 21 and 23 shall have effect as if any reference to the IBA's obligation to transmit the programmes supplied by a programme contractor were a reference to the right and the duty of the programme contractor under his contract to provide programmes for broadcasting in one of the services provided by the Authority as mentioned in paragraph 1(1) above;
 - (c) section 22 shall have effect as if any reference to the programmes supplied to the IBA were a reference to the programmes supplied for broadcasting in one of those services; and

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- (d) section 32(2)(a) shall have effect as if—
 - (i) for “the branch” there were substituted “the part”, and
 - (ii) for “section 36(2) in relation to that branch” there were substituted “paragraph 12(1) of Schedule 8 to the Broadcasting Act 1990 in relation to that part”.
- (5) The Authority shall do all that they can to secure that, so long as any contract continues in force by virtue of sub-paragraph (1), neither the programme contractor under the contract nor any associate of his—
 - (a) holds any local licence, or
 - (b) controls any body which holds any such licence, or
 - (c) is a participant with more than a 20 per cent. interest in a body corporate which holds any such licence,

in a case where the area or locality for which the licensed service is to be provided is to a significant extent the same as the locality for which local sound broadcasts are to be provided under the programme contractor's contract; and this sub-paragraph shall be construed in accordance with Part I of Schedule 2 to this Act.
- (6) The Authority may make such variations of a contract which continues in force by virtue of sub-paragraph (1) as appear to them to be appropriate in consequence of any of the provisions of this Part of this Schedule.

Delivery of programmes by means of local delivery services

- 3 Part II of this Act shall have effect as if section 72(2) of this Act included a reference to any local sound broadcasting service provided by the Authority in accordance with this Part of this Schedule.

Provisions relating to Broadcasting Complaints Commission

- 4 (1) Part V of this Act shall have effect as if—
 - (a) section 143(2) of this Act included a reference to any sound programme broadcast by the Authority in accordance with this Part of this Schedule; and
 - (b) (subject to sub-paragraph (2)) the Authority were, in relation to the provision by them of local sound broadcasting services in accordance with this Part of this Schedule, a broadcasting body within the meaning of that Part of this Act.
- (2) Sub-paragraph (1)(b) shall not have effect for the purposes of section 145(5) of this Act; and the Authority shall make such variations of any contract which continues in force by virtue of paragraph 2(1) above as appear to them to be appropriate—
 - (a) for requiring the programme contractor under that contract—
 - (i) in the case of every programme provided by him which is broadcast by the Authority in accordance with this Part of this Schedule, to retain a recording of that programme for the period of 42 days beginning with the broadcast,
 - (ii) if requested to do so by the Authority for the purpose of enabling them to comply with any requirement imposed on them in pursuance of section 145(4), 155(3) or 167(1) of this Act, to produce any such recording to them, and
 - (iii) if requested to do so by the Authority for the purpose of enabling them to comply with any requirement imposed on them in pursuance

- of section 145(4) or 155(3) of this Act, to produce to them any transcript of any such programme which he is able to produce to them; and
- (b) for ensuring compliance by the programme contractor with any request to which section 145(7) of this Act applies which may be made to him by the BCC.
- (3) For the financial year which includes the commencement of section 149 of this Act, and each subsequent financial year falling wholly or partly within the period during which the Authority provide local sound broadcasting services in accordance with this Part of this Schedule, the Secretary of State shall notify to the Authority the sum which he considers to be the appropriate contribution by that body, in respect of the programme contractors under contracts which continue in force by virtue of paragraph 2(1) above, towards the expenses of the BCC; and the Authority shall pay to the Secretary of State any sum notified to them under this sub-paragraph.
- (4) Paragraph 2(1)(g)(i) of Schedule 13 to this Act shall have effect during the period referred to in sub-paragraph (3) above as if the reference to the BBC or the Welsh Authority included a reference to the Authority.
- (5) In this paragraph “the BCC” means the Broadcasting Complaints Commission.

Provisions relating to Broadcasting Standards Council

- 5 Part VI of this Act shall have effect as if—
- (a) section 152(2) of this Act included a reference to any sound programme broadcast by the Authority in accordance with this Part of this Schedule; and
- (b) the Authority were, in relation to the provision by them of local sound broadcasting services in accordance with this Part of this Schedule, a broadcasting body within the meaning of that Part of this Act.

Supplementary provisions

- 6 (1) Any code, notice, direction, approval or other thing drawn up, given or done by or in relation to the IBA—
- (a) in pursuance of a provision of the 1981 Act which has effect as from the transfer date in accordance with this Part of this Schedule, and
- (b) in connection with any of the IBA's local sound broadcasting services which are to be provided by the Authority as from that date in accordance with paragraph 1(1) above,
- shall, if in force or effective immediately before that date, have effect as from that date for the relevant purposes as if drawn up, given or done by or in relation to the Authority.
- (2) Anything which immediately before that date was in the process of being done by or in relation to the IBA may, if it was being so done as mentioned in paragraphs (a) and (b) of sub-paragraph (1), be continued on or after that date by or in relation to the Authority.
- (3) As from that date sections 61 and 62 of the 1981 Act shall have effect for the relevant purposes as if any reference to the IBA were a reference to the Authority.

- (4) In this paragraph “the relevant purposes” means the purposes of the 1981 Act as it has effect as from the transfer date in accordance with this Part of this Schedule.

PART V

REPLACEMENT OF PROGRAMME CONTRACTS BY LOCAL LICENCES

Replacement of contracts to which paragraph 2(1) in Part IV applies by local licences

- 1 (1) The Authority may, if the programme contractor under a relevant contract so requests—
- (a) determine the contract as from any time falling on or after the transfer date; and
 - (b) subject to paragraph 3(2) below, grant to the programme contractor as from that time a licence to provide a local service for the locality in which local sound broadcasts were to be provided by him under the contract.
- (2) In sub-paragraph (1) “relevant contract” means a contract which (apart from that sub-paragraph) would continue in force by virtue of paragraph 2(1) in Part IV of this Schedule.
- (3) A licence granted in pursuance of sub-paragraph (1) shall (subject to the provisions of Part III of this Act) continue in force for such period as the Authority may determine, except that the licence shall not expire—
- (a) before the date on which the contract referred to in that sub-paragraph would have expired if it had not been determined under that sub-paragraph, or
 - (b) later than 31st December 1996 or the date which falls three years after the date referred to in paragraph (a), whichever is the earlier.

Replacement by local licences of certain contracts for the provision of local sound broadcasts in localities in which such broadcasts were already provided

- 2 (1) Any contract which—
- (a) the IBA has, at any time on or after 1st September 1989, entered into with a programme contractor for the provision by the contractor of local sound broadcasts in a locality comprised in the locality in which such broadcasts were for the time being to be provided by another programme contractor under a contract entered into before that time, and
 - (b) is effective immediately before the transfer date,
- shall cease to have effect on that date; but, if the first-mentioned programme contractor so requests at any time before that date, the Authority may, subject to paragraph 3(2) below, grant to him as from that date a licence to provide a local service for that locality.
- (2) A licence granted in pursuance of sub-paragraph (1) shall (subject to the provisions of Part III of this Act) continue in force until 31st December 1994.

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*Common provisions applying to licences granted
in pursuance of paragraph 1(1) or 2(1) above*

- 3 (1) A request for the grant of a licence which is made to the Authority by any person in pursuance of paragraph 1(1) or 2(1) above must be in writing and accompanied by—
- (a) his proposals for providing a service that would cater for the tastes and interests of persons living in the locality for which it would be provided or for any particular tastes and interests of such persons; and
 - (b) such information as the Authority may reasonably require as to his present financial position and his projected financial position during the period for which the licence would be in force.
- (2) The Authority shall not grant a licence to any person in pursuance of paragraph 1(1) or 2(1) above unless they are satisfied that the service proposed to be provided by that person would cater for the tastes and interests of persons living in the locality for which it would be provided or for any particular tastes and interests of such persons.
- (3) Section 104 of this Act shall not apply in relation to the grant of any such licence.
- (4) Section 106(1) of this Act shall apply to any such licence as if for “when making his application” there were substituted “in pursuance of paragraph 3(1) in Part V of Schedule 11”.
- (5) In section 86(4) of this Act the reference to Part III of this Act shall include a reference to this Part of this Schedule.
- (6) Except as provided in the preceding provisions of this paragraph, Part III of this Act applies to a licence granted in pursuance of paragraph 1(1) or 2(1) above as it applies to any other local licence granted under that Part.

Saving for liabilities under terminated contracts

- 4 (1) Where the contract of a programme contractor is terminated by the Authority under this Part of this Schedule, the termination of that contract shall not affect any liability of his which has accrued under or by virtue of the contract before its termination.
- (2) Where any such contract is so terminated but the programme contractor is granted a local licence as from the date of its termination, any agreement—
- (a) made before that date between the contractor and any other person, and
 - (b) framed (whether expressly or by implication) by reference to the contract or to the contractor's status as a programme contractor,
- shall (unless it expressly provides otherwise) have effect as from that date with such modifications as are necessary to take account of the replacement of the contract by the licence or of the contractor's new status as the holder of the licence (as the case may require).
- (3) References in sub-paragraph (2) to an agreement include references—
- (a) to an oral agreement, and
 - (b) to a deed, bond or other instrument.