

MEMORANDUM TO CABINET
BY THE PRIME MINISTER

Deutsche Welle

There are currently three memoranda to Cabinet on wireless sound broadcasting. It is perhaps useful to rehearse the issues in one memorandum and to bring Ministers up to date on recent developments.

2. Ministers will recall that on the 9th March, 1970 Government entered into an agreement with Deutsche Welle in which certain sites were to be made available by title of emphyteusis at a nominal ground rent and a licence was granted for the erection and operation of a relay station by Deutsche Welle in Malta. In consideration of this, Deutsche Welle undertook to instal and equip a 600 Kw radio broadcasting station, including adequate studio premises, and to deliver same to the Government. The agreement also stipulated, inter alia, that Deutsche Welle should:

- (a) train free of charge the personnel required to run the radio station;
- (b) provide assistance required by Government in selecting a suitable medium wave frequency for the radio station; and
- (c) give assistance and support in the operation of any broadcasting media.

3. The problems on which certain decisions are still required can conveniently be discussed under four main headings:

- (a) frequency for the Malta radio station;
- (b) frequency for the Deutsche Welle relay station;
- (c) erection of studio for the Malta radio station;
and
- (d) commercial viability.

/Frequency....

Frequency for the Malta Radio Station

4. As stated above the agreement stipulates that Deutsche Welle should provide assistance to the Government in selecting a suitable medium wave frequency for the radio station. In fact the German Ministry of Communications studied a number of frequencies and submitted recommendations. The studies carried out were limited, theoretical and inconclusive. The frequency suggested (1457 kHz) for Radio Malta is unacceptable because it interferes with the Italian broadcasting network (secondo programma) and will result in some interference on frequencies used in the U.K. The proposed frequency would also make good quality transmissions to Italy impossible.

5. Malta Government officials proceeded to Geneva to discuss this problem informally with a Mr. Menzel. Mr. Menzel is a highly placed employee of the International Frequency Registration Board and an expert on frequency allocation. It is perhaps pertinent to state that Mr. Menzel, in his private capacity, was involved in an application made by Trans World Radio - a religious broadcasting service subsidised out of church funds - to set up and operate a broadcasting service from Malta. The report and note on discussion are attached to this memo.

6. Mr. Menzel's conclusions can be summarized as follows:

- (a) it is highly unlikely that a 600 Kw Malta Radio station can be commercially viable;
- (b) it is not technically feasible to reach beyond northern Italy and Southern France with good quality music transmission; and
- (c) frequencies on 998, 1169, 1178, 1286, 1349, 1403 and 1520 kHz appear prima facie to have possibilities for good quality music transmission to Southern France, Northern Italy and the Mediterranean littoral, and merit further studies.

7. After the meeting with Menzel in Geneva, Deutsche Welle offered the services of a Mr. Mohr, a retired official of the German Ministry of Communications to assist the Government in selecting a suitable frequency.

8. It is suggested that as a first step Deutsche Welle be asked to study the frequencies suggested by Menzel in paragraph 6 (c) above with a view to establishing the countries which would reasonably be served by good quality music transmission and speech on each frequency and to assess the relative costs of each frequency. Deutsche Welle may also be informed that there is no objection to the utilisation of the services of Mr Mohr by them to give the necessary assistance to Government on this problem in terms of the agreement.

9. Deutsche Welle have also informed the Government that in a competitive bidding exercise Messrs. Telefunken have submitted the cheapest tender for the 600 Kw medium wave transmitters for the Malta Radio Station and the Deutsche Welle Relay Station at D.M. 1.8 m. (£207,500). This offer holds good only until the end of November. It is pertinent to point out that in terms of the agreement and the licence Deutsche Welle are required to submit technical data of the equipment for approval by Government. This has not been done. It is recommended that Deutsche Welle be asked to submit this data and should also be informed that no commitments be entered into before the overriding frequency problem is solved.

Frequency for Deutsche Welle

10. There do not appear to be any insurmountable difficulties in accepting the frequency suggested by Deutsche Welle (1570 kHz) for their own station. Deutsche Welle will have to be asked to take certain safeguards and design their antenna in a way as to protect Malta and other European regions from interference.

11. Although prima facie the frequency appears acceptable nevertheless it is suggested that the Government should not signify agreement before the frequency issue

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for the Malta Radio Station is resolved.

Erection of Studio for the Malta Radio Station

12. The agreement is very specific on the type and cost of studio to be erected by Deutsche Welle. The agreement stipulates that the Station shall comprise adequate studio premises and relative equipments, comprising one large studio of not less than 200 square metres and three studios for not less than 30 square metres each, office space for not less than 30 persons and the necessary archive rooms and other ancillary facilities. The agreement puts the cost of the studio premises exclusive of technical equipment at between £150,000 and £180,000. Furthermore, the agreement states that the works for the studio shall commence as soon as the relative site is made available by Government. Work on the studio can therefore commence before the pertinent frequencies are allocated.

13. Plans for studio premises have already been provided and discussed. The Director of Information does not appear to be too happy with the layout and in particular he states that he is not in a position to advise whether adequate provision has been made for the accommodation of the ancillary facilities which go to complete a radio studio as Deutsche Welle have not to date given any indication of the "ancillary facilities" which they are proposing to incorporate in the Malta Radio studios.

14. Deutsche Welle have just communicated to Government that they have issued a call for tenders and are suggesting that Brown Boveri and Company should be entrusted as general contractors for the construction of the medium wave station and studios at a cost of D.M. 700,000 (£80,700). Messrs Brown Boveri is a well known contractor specialising in the construction of ready to operate radio stations.

15. There is nothing in principle against the retention of Brown Boveri for this job. Indeed it is one

/of....

of the leading world contractors and is a guarantee that Malta will have an up-to-date station. It is not known what services are covered in Deutsche Welle's contract with Brown Boveri and this will have to be clarified before the approval sought can be granted. It is recommended that the whole question of the facilities and equipment which should make up an up-to-date radio studios and the accommodation necessary therefor should be discussed without delay between representatives of Deutsche Welle, Brown Boveri, the Director of Information and the Chief Inspector of Wireless Telegraphy and to submit an early report to Government.

Viability of the proposed Radio Malta Station

16. No studies have so far been made on the commercial viability of a 600 Kw station broadcasting overseas from Malta. Mr. Menzel feels that such a station cannot be commercially viable. It is true that Mr. Menzel is still trying to persuade the Malta Government that a station run by Trans World Radio is the best possible solution for Malta and even at this late stage he is advocating the sale of such a station to this undertaking - a course which probably does not commend itself to Hon. Ministers. On the other hand it is known that a number of undertakings have been interested in setting up a small medium wave station to broadcast commercially to Italy and North Africa. This means that there are undertakings which have found that a small station can be turned into a commercially viable proposition. It is of course not known whether a 600 Kw station can be equally viable.

17. This problem is a crucial one and will have to be borne in mind when the actual frequency is decided upon.

/Conclusion....

Conclusion

18. Hon. Ministers may wish to approve that Deutsche Welle:

- (i) be asked to study the frequencies suggested in paragraph 6 (c) above, and informed that there are no objections to their utilising the services of Mr. Mohr for this purpose;
- (ii) be informed that they should enter into no commitments with Messrs. Telefunken before the technical data of the equipment has been submitted to and approved by Government and before the frequency issue is resolved;
- (iii) be informed that there is no objection in principle to Messrs. Brown Boveri to be appointed general contractors but before final approval can be given, Government would wish to have details of the proposed contract;
- (iv) be informed that it is desirable to discuss the layout of the studios and the pertinent technical equipment by a team composed of representatives of Deutsche Welle and Brown Boveri on the one side and of the Director of Information and the Chief Inspector of Wireless Telegraphy on the other.

9 NOV 1970

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Proposed Radio Station

Report on discussions held in Geneva

We met Mr. Menzel in Geneva on the 26th and 27th October, 1970 and discussed the problem of choice of frequencies informally. Full notes of the discussions are attached.

On the purely technical plane Mr. Menzel assured us that in the direction of Western Europe it was not possible to reach beyond Northern Italy and Southern France with good quality music programmes although speech transmission can be effectively received much further North. He suggested that frequencies on 998, 1169, 1178, 1286, 1349, 1403 and 1520 kHz offered possibilities for broadcasting from Malta to Italy and Southern France without causing interference to Italian or U.K. national networks. Mr. Menzel felt that Deutsche Welle should be asked to study these frequencies and assess which countries would reasonably be served by good quality music transmission and speech as well as the relative costs of each frequency.

Mr. Menzel then discussed the economics of the proposed station. It was his contention that a radio station in Malta is unlikely to be a commercially viable proposition. He postulated that both Italy and Southern France are well served both by their own national networks as well as by well established international commercial broadcasting stations (Monaco, Luxemburg and Andorra) and it is highly unlikely that Radio Malta can compete enough customers away from these networks to earn sufficient revenue to pay for its keep let alone make a profit. This line of reasoning led him to the conclusion that the best course of action for

Malta would be to sell the station to Trans World Radio (a religious broadcasting service subsidised out of church funds) for cash and in addition to ask for a fat licence fee and for free air time to be used for projecting Malta's image abroad. Mr. Menzel stated that it would be possible to sell some of the free time to other nations for relaying non-political broadcasts.

We are, of course, in no position to judge Mr. Menzel's assessment of the situation. We know that Mr. Menzel was involved in the original application of Trans World Radio which, we feel, may not be politically acceptable to Malta. We also know that a comparatively large number of applications to set up and operate a commercial broadcasting service have been received. The two more detailed applications received (Radio Malta International and Thompson Television International) both claim that advertising revenue likely to be received from Italy should make the operation commercially viable. It is perhaps pertinent to state that no applicant so far appears to have been thinking in terms of a 600 KW with its comparatively heavy running costs.

We feel that a proper study of the frequencies problem by Deutsche Welle is overdue and that an examination in depth of the medium wave spectrum particularly those frequencies suggested by Deutsche Welle themselves and those picked out by Menzel will form the basis on which the Malta Government can judge the adequacy of the frequency and the area of high quality coverage. The next step would then be to try and assess the commercial viability of a station broadcasting commercially to that area of coverage, possibly by sounding companies who had shown an interest in launching such an operation in Malta.


M. ABELA

H. COPPINI

2nd November, 1970.

C O N F I D E N T I A L

Note on discussion W. Menzel: M. Abela, H. Coppini.

26th October 1970

Mr Menzel stressed that he was entering into the discussions in a purely personal capacity and that the views he would be expressing, which were his own personal ones, were to be considered highly confidential and aimed exclusively at providing a basis for the better understanding of the chances of overseas broadcasting from Malta.

Mr Menzel started by setting out the arguments in favour of Malta having an overseas broadcasting service. He suggested that once other small countries like Monaco, Luxembourg and Andorra had their own radio stations out of which they were earning important revenues, there was no reason why Malta should deny itself such a station. It was not Malta's fault that, at the time frequencies were shared out, it was a colony and that the U.K. had not then looked after Malta's interests.

Mr Menzel said that if Malta were to go by the book it would be impossible for her to have any meaningful overseas broadcasting which would justify the capital funds and recurrent costs which would go into it. The situation was such that new stations were going up and were operating on frequencies which they considered suitable without the necessary authority to do so and despite the protests of registered users of the frequencies.

He emphasized that Malta should have no illusion; somebody must get hurt in the process and Malta's problem was to minimize political repercussions.

/He ...

He considered that in the case of Malta the countries which appeared to deserve every consideration were the North African countries, Italy and the United Kingdom. Even with those restrictions, though the frequency situation seemed quite hopeless, it was not as serious as it appeared to be at first glance.

Mr Menzel said that nobody could really help Malta at that stage. According to existing regulations, a proposed frequency usage had to be notified to the International Frequency Regulations Board at least ninety days before it was due to be brought into operation. It was only during that period of ninety days that the Board could clear the frequency. Clearance could not be processed earlier - say before or during the construction of a radio station - because some other station might start operating on the proposed frequency in the meantime. Nor would it help to ask competing countries for their advice because they themselves might start operating on that same frequency within a few months and stonewall the proposed operation.

On the question of repercussions from other countries, Mr Menzel said that if the primary aim of the station were to have an official Voice of Malta to sell Malta's tourist image abroad and possibly to project Maltese political thought and to reach Maltese dispersed over Europe, political resistance would be low. If, on the other hand, the primary objective were to be commercial, it would be reasonable to expect strong resistance particularly in view of the fact that Malta would have to rely substantially on poaching i.e. the diversion to it of advertising revenues now being earned by the country (or its broadcasting companies) through the provision of a better advertising services or the application of a cheaper advertising rate. Mr Menzel stressed however that a commercial station broadcasting music (primarily pop) and advertisements would be tuned into only if the

/reception ...

reception of the music were of a high quality; otherwise listeners would shift to other stations providing the same type of programme. In the case of Malta, although technically it would be possible to cover all Europe, it could not be expected that high-quality reception of music broadcast from Malta on medium wave would, under any circumstance, be possible beyond Northern Italy, Southern France and Spain in Western Europe so that it was only with advertisers interested in the area of good coverage of musical broadcasts that a commercial broadcasting station could hope to do business. Transmissions could not be expected to reach North Western Europe - which was the more commercially attractive - to a standard which could attract advertisers. Listeners tuned in to a commercial station to receive music programmes and heard the spot advertisements only because they had to. If reception were bad, they tuned elsewhere and advertisements would go to waste. Of course advertisers were aware of the facts.

He added that the commercial needs of Italy, Southern France and Spain were well met by Radio Luxembourg, Radio Monaco and the national services and pointed out that even in the North Sea area two pirate ships had recently gone bankrupt and that no interest had been shown by such ships in setting up station in the Mediterranean. He ascribed that to the fact that revenue from advertising alone could not turn the operation of a new station into a viable proposition competing as it had to with established commercial ones and with national stations earning their keep primarily from revenue derived from licence fees.

Mr Menzel foresaw the possibility of entering into agreements with other countries to hire airtime on the station to relay certain non-controversial programmes e.g. Swedish programmes relayed from Malta to Swedish nationals holidaying in the Mediterranean area. He said that that could prove to be an important source of revenue because such contracts could be made on a long-term basis - say ten years - while a commercial contract between a station and advertisers could at

best be on a year-to-year basis. He pointed out, however, that foreign Government would not enter into such arrangements with private concerns so that the operation of the station as a purely commercial one would rule out this type of revenue.

On the basis of the above reasoning, Mr Menzel suggested that the possibility of turning the radio station into a commercially feasible proposition was very remote and there was every indication that it would have to be subsidized. He felt that once Malta was making a concession to Deutsche Welle to propagate its voice from Malta, the £1m made available by Deutsche Welle should at least earn normal interest; subsidizing it - directly by subvention or indirectly by charging a low interest rate - would bring into question the original acceptability of the two inter-related projects i.e. the Deutsche Welle Relay Station and the Malta Radio Station.

Mr Menzel felt that, under the circumstances, the Government of Malta should consider selling the station to a third party - and he specifically mentioned Trans World Radio - and giving it a licence to operate overseas broadcasting against a fat licence fee and against the allocation of free airtime for Maltese national purposes. Such an allocation might partly be used by the Government for political and tourist purposes or partly sold to other Governments to relay services. That, according to Mr Menzel, was the only way that such a station could be expected to yield reasonable revenue to the Government over a long period. He emphasized that Trans World Radio could only operate in that way because it had adequate access to church funds.

C O N F I D E N T I A L

Note on Discussions - W. Menzel : M. Abela, H. Coppini

27th October, 1970

The discussion centred on the problems relating to the selection of frequencies.

Mr Menzel considered that 1570 kHz was satisfactory for use by Deutsche Welle for transmission to North African and Middle East countries. Adequate measures would however have to be taken to protect Malta and European regions from interference. There appeared therefore to be no prima facie objection to the use of the frequency by Deutsche Welle.

Insofar as 1457 kHz was concerned, Mr Menzel stated that the frequency was totally unsuitable for use for overseas broadcasting by the Malta Radio Station for two basic reasons:

- (a) politically it would not be acceptable to use a frequency already in use by the United Kingdom and to cause intolerable interference on the Italian Broadcasting network; and
- (b) technically it would not be possible to reach the United Kingdom at all and Italy in sufficiently good quality transmissions.

Mr Menzel then made a superficial examination to identify the frequencies which could be suitable for Malta's needs with two particular desiderata in mind:

- (a) that such a frequency does not interfere with the broadcasting activities of Italy (including activities in adjacent channels) and with those of the United Kingdom; and

(b) that ...

- (b) that broadcasts should reach the Mediterranean littoral and as far into Western Europe as possible and at as high a quality as was technically feasible.

He identified the following frequencies viz. 1169, 1349 and 1520 kHz which, in addition to frequencies 998, 1178, 1286, 1403 kHz, as proposed by Deutsche Welle, merited extensive studies.

Mr Menzel stated that if it fell to Deutsche Welle to carry out such studies on behalf of the Government of Malta, they should be asked to study the above frequencies with a view to indicating to the Government which countries would be reached with a sufficiently good quality for transmission of music and of speech as well as which countries would be adversely affected by Malta's transmissions. He considered that it would be proper to advise Deutsche Welle that any proposal should take into account that no interference should be caused to either the United Kingdom or to Italy.

The next stage after such a study would be for the Government to assess which frequency would meet political considerations and what the optimum commercial return could be expected to be. It was only on the basis of such information that the Government would be in a position to decide on the adequacy or otherwise of a frequency and subsequently on the commercial feasibility of the proposed operation.

Mr Menzel suggested a number of points which should form the basis of an approach to Deutsche Welle. These are listed in the Appendix to this paper. He also offered his further services should they be needed.

APPENDIX

- A. 1457 kHz was not suitable.
- B. Superficial and theoretical investigations have resulted in the location of certain frequencies which should be studied for the Malta Radio project; these frequencies are 1169, 1349 and 1520 kHz which, in addition to 998, 1178, 1286, 1403 kHz, merited close examination.
- C. Because of congestion in the medium wave frequency spectrum, it was accepted that no full coverage of all Europe can reasonably be expected.
- D. It was also accepted that co-users have to be technically protected so that the antenna system has to be designed to reduce interference to a minimum.
- E. The desirable coverage envisages an omni-directional antenna designed to shield stations in one area from interference on the same frequency and to reach at least Italy and Southern France in the direction of Western Europe.
- F. Political considerations dictate the necessity of giving full protection to the broadcasting activities of Italy (including interference resulting from adjacent channel operation) and of the United Kingdom.
- G. For each of the above frequencies:-
- (i) which regions would have to be protected by way of minimum radiation from the antenna;
 - (ii) which regions would not be reached due to the low field strength resulting from the protection envisaged in (i);
 - (iii) ...

- (iii) which countries would reasonably be served (a) for music transmissions
(b) for speech;
- (iv) which countries would be excluded due to interference by other stations using the same frequency (a) for music and
(b) for speech;
- (v) assuming an antenna on 1500 kHz protecting one single direction, what would be the cost of the antenna fulfilling the above criteria;
- (vi) what additional transmitting stations are known to be planned by other countries on these frequencies and what effects would these have on the broadcasts from Malta;
- (vii) what other frequencies does Deutsche Welle suggest to the Government other than those listed above;
- (viii) (a) what average scale of field strength are measured on these frequencies in North and South Germany;
(b) compared with the expected field strengths of Malta for each of the frequencies at these places, what would be the protection ratio for the Malta transmissions expressed in decibels (dB);
- (Note - protection ratio of -
40 dB is considered to be high musical quality;
25 dB tolerable;
10 dB practically impossible even for speech transmissions.)