

BRIEFING FOR PRIME MINISTER'S DINNER ENGAGEMENT AT THE BRITISH ACADEMY OF
FILM AND TELEVISION ARTS ON FRIDAY 25 FEBRUARY 1983.

Points to be raised

1. The Hunt Report and cable television: BAFTA is concerned that no control was proposed by Hunt on the amount of foreign material shown on cable, as opposed to broadcasting where both the BBC and ITV ensure that 86 per cent of their output is of British or EC origin. They feel that a reasonable proportion of each cable franchise-holder's gross income should be spent on British produced material, also that within that figure a sensible percentage should be spent on new British programming.
2. The Home Secretary has said that the Government would be considering this issue in the course of preparing the forthcoming White Paper.
3. Satellite broadcasting: BAFTA's concern about satellite broadcasting is believed to centre on the effect on British production. They are concerned about the prospect of Britain being 'invaded' by a purely commercial satellite television service from Luxembourg.
4. The UK, like other European countries, has been allocated 5 TV channels for satellite broadcasting. The Government have allocated the first two of these to the BBC and have not yet taken decisions on the other three. The 'overspill' from satellite transmissions into neighbouring countries will make TV a more international medium. The implications for such areas as the effects on national systems from foreign competition, cultural and economic invasion and the circumvention of national controls on advertising, standards of decency, political impartiality and programme content generally are all being examined at inter-governmental level by the Council of Europe. The UK is playing its part and recommendations to European governments may result.
5. Private Member's Bill on Copyright: The Government is supporting Sir John Eden's Bill which has now received Second Reading and gone into its Committee stage. It is designed to combat illegal copying ('video piracy' - a £100m business) by increasing penalties to realistic levels.
6. The Eady levy: The Prime Minister will be aware that one of the options the Parliamentary Under Secretary of State for Trade is considering in his review of the film industry is the abolition of the Eady levy. It is charged on cinema admissions and paid to the producers of successful British films. Declining cinema admissions have diminished the yield of the levy, which also part-finances the

National Film Finance Corporation, two bodies which are funded principally by the Minister for the Arts - the National Film and Television School and the British Film Institute - and the Childrens Film Foundation. This source of finance is important to all these bodies.

7. Many other sections of the film industry are concerned about possible loss of this source of finance. The Education, Science and Arts Select Committee have recommended such additional sources as a levy on the showing of feature films on television (which the TV companies would wish to resist); increased funds to be allocated through the National Film Finance Corporation; and a levy on video tape. The Select Committee has also recommended a unified governmental responsibility for film.

8. No decisions have been made in advance of the Minister for the Arts' reply to the Select Committee, or of the PUSS for Trade's review, the conclusions of which have yet to be put to colleagues.

Office of Arts and Libraries
23 February 1983

Origin of Invitation and Nature of Occasion

1. The invitation was issued by Timothy Burrill in his capacity as the Chairman of BAFTA. He is a film producer whose credits include 'Tess' and 'The Pirates of Penzance'. He is also a member of the Executive Council of the British Film and Television Producers Association; a Governor of the National Film and Television School and has recently been appointed a Governor of the National Theatre.
2. BAFTA is made up of 1,800 members from the film and television industries most of whom are directors, producers, cameramen and technicians. It is an apolitical body and people are invited to join as individuals. A council of 25 members is elected each year.
3. The events of the evening will be informal and there is no question of the discussions following dinner being made public. BAFTA wish to honour the Prime Minister and listen to her views in relation to the changes occurring in the film and television industries.

Notes on Personalities

4. These have already been sent to No 10.

Cable and the Hunt Report

5. BAFTA broadly welcomed the Hunt Report but emphasised the need for full discussion of the implications of such a major development. The area which most concerns them is that no control was proposed by Hunt on the amount of foreign material shown on cable. This is in contrast to the rules applying to broadcasting where both the BBC and ITV ensure that 86 per cent of their output is of British or EEC origin. BAFTA feel strongly that a reasonable proportion of each cable franchise-holder's gross income must be spent on British produced material and within that figure a sensible percentage is spent on new British programming.
6. In his speech in the debate on cable in the House of Commons on 2 December, the Home Secretary drew attention to this issue as one on which a sharp divergence of view had already developed and which the Government would be considering in the course of preparing a White Paper. Certainly, he said, "The current BBC and IBA

requirements could not, as they stand, be applied to cable. But if cable were placed under no restriction, it would be necessary to consider whether the present restrictions on the BBC and ITV - which undoubtedly add to their programming costs - could be maintained". The Government's conclusions on this issue, and on the other recommendations of the Hunt Report, will be set out in the forthcoming White Paper. The Home Secretary in a written Parliamentary Answer on 3 February hoped that the White Paper would be published "within the next few weeks".

Satellite Broadcasting

7. BAFTA's concern about satellite broadcasting is less well-known, but is believed as with cable to centre on the effects on British production. They have expressed concern in the past about the prospect of Britain being 'invaded' by a purely commercial satellite television service from Luxembourg.

8. The United Kingdom, like other European countries, has been allocated five television channels for satellite broadcasting. The Government have in turn allocated the first two of these channels to the BBC (one of which will be a subscription feature film service, the other a more general service with an international flavour - a 'Window on the World'). Decisions on the three other channels have yet to be taken. A separate but related development likely to be associated with the expansion of cable is the growth in the use of low-power telecommunications satellites to distribute programme services to cable systems.

9. Because satellite transmissions inevitably have a beam which overflows into neighbouring countries, television is likely to become a much more international medium. The implications of this in such areas as the effects on national broadcasting systems from foreign competition (felt much more keenly in some other European countries than in the UK), cultural and economic invasion and the circumvention of national controls on advertising, standards of decency, political impartiality and programme content generally are being examined at inter-governmental level by the Council of Europe. The UK is playing a full part in those discussions and recommendations to European Governments may result. Such recommendations could not be binding (on Luxembourg or on the UK) and it remains to be seen what kind of matters can usefully be the subject of recommendations and how widely they would be acceptable.

Taxation allowances on films

10. In his 1982 Budget the Chancellor announced the end of the 100 per cent first year capital allowances for the cost of the master negative of a film. However a two year transitional regime was conceded for British films and television productions, leading to an extension of this regime by a further three years.

Cinema exhibition and monopoly power

11. The Monopolies Commission is due to report in March on the supply of films for cinema exhibition. The report was commissioned in December 1980 to examine cinema exhibition in view of the disquiet expressed by exhibitors and others on the strength and influence of the two major film distributors (Rank and EMI, commonly known as "the Duopoly").