



Exam Pd

Treasury Chambers, Parliament Street, SW1P 3AG

01-233 3000

25 July, 1979

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John

POLICY ON FIEM FINANCE

Thank you for your letter of 19th July.

I entirely agree that there is a continuing need for a NFFC-type body to help mobilise funds for the British Film Industry, but that it should no longer be funded by the Government or backed by Government guarantees. I am glad to see that your proposals for reconstituting the Corporation so that it can raise funds from the private sector can be accommodated within the existing public expenditure provision, and agree that the financial reconstruction you propose is a necessary price for extricating the Government from its commitments in this area. Equally, I agree that we should reject the proposal for a British Film Authority. This would certainly entail increased Government involvement and probably additional public expenditure, which would clearly run counter to our policy objectives. I therefore see no good reason for deferring an announcement on these lines.

As regards the terms of your announcement, I am generally content with the line you have adopted. I would however prefer a slight change of emphasis in the penultimate paragraph to make it clearer that your future consultations will be directed towards finding alternative sources of finance in the private sector rather than the question of a possible financial reconstruction. The redrafted paragraph might read as follows:-

"..... We are not satisfied, however, that this should involve the provision of Government funds on a continuing basis. I therefore propose to

/to carry

The Rt. Hon. John Nott, M.P.



to carry out more detailed consultations on how to reconstitute the NFFC so that in future it can raise funds from non-Government sources. To this end I would be prepared to agree to a financial reconstruction for the Corporation and I would also propose to extend the purposes for which funds can be allocated to the NFFC out of the Exhibitors Levy, usually known as the Eady Levy. I hope to set out these proposals in more detail later in the year."

I am copying this letter to the Prime Minister, the Home Secretary, the Lord President of the Council, the Chancellor of the Duchy of Lancaster, member of E(EA) Committee and Sir John Hunt.

A handwritten signature in black ink, appearing to read "Geoffrey Howe".

(GEOFFREY HOWE)

25 JUL 1979



CONFIDENTIAL

MFJ



10 DOWNING STREET

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From the Private Secretary

24 July 1979

Policy on Film Finance

The Prime Minister has considered your Secretary of State's letter of 19 July to the Chancellor of the Exchequer on the above subject, and subject to the Chancellor's views, agrees with Mr. Nott's proposals - and that he should make a statement in the form of a Written Answer before the House rises on the lines of the draft attached to his letter.

I am sending copies of this letter to Tony Battishill (HM Treasury), John Chilcot (Home Office), John Stevens (Chancellor of the Duchy of Lancaster's office), Jim Buckley (Lord President's Office), Private Secretaries to members of EA Committee and Martin Vile (Cabinet Office).

SECRET

H.W. Bartlett, Esq.,
Department of Trade.

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From the Secretary of State

Martin Hall Esq
Private Secretary to the
Chancellor of the Exchequer
Treasury Chambers
Parliament Street
London, SW1

R-207

26th July 1979

Dear Martin

POLICY ON FILM FINANCE

My Secretary of State was very grateful for the Chancellor's letter of 25 July and his comments on the draft Statement on Film Finance. I now attach a copy of the final written answer which my Secretary of State has decided on in the light of the comments he received.

I am copying this letter to Tim Lankester (No 10), John Chilcot (Home Office), John Stevens (Chancellor of the Duchy of Lancaster's office) Jim Buckley (Lord President's office), Private Secretaries to EA Committee and Martin Vile (Cabinet Office).

Yours Sincerely

Hugh Bartlett

H W BARTLETT
Private Secretary



Mr Durant: To ask the Secretary of State for Trade if he has yet reached any decisions on further finance for the film industry.

As the House has been informed, I have had a special review carried out of the arrangements for financial support for commercial film production in Britain. I am now placing in the Library copies of the report on this subject which was made to me last month.

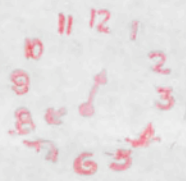
The Second Report of the Interim Action Committee on the Film Industry (Cmn! 7597) has already been presented to Parliament, and I have had the benefit of personal discussion with the Chairman of the Committee, the Rt Honourable Member for Huyton, and other members of the Committee. In this discussion it was stressed that the most immediate issue is the future of the National Film Finance Corporation, though the Committee continue to support the creation of a British Film Authority in the longer term.

The Government accept in principle that there is a continuing role for a body to help to mobilise finance for the production of British films of an indigenous character. We are not satisfied, however, that this should involve the provision of government funds on a continuing basis. I therefore propose that a financial reconstruction should be



effected enabling the NFFC to carry on with a clean sheet, and that the purposes for which funds can be allocated to the NFFC out of the Exhibitors Levy, usually known as the Eady Levy, should be extended so as to make a limited amount available in this way for film production. On this basis I propose that consultations should take place to raise further funds for the reconstituted NFFC from non-government sources. I am also prepared to consider a modest but final Government investment in the NFFC to launch this operation. I hope to set out these proposals in more detail later in the year.

26 JUL 1979



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Oddi wrth Ysgrifennydd Gwladol Cymru

From The Secretary of State for Wales

The Rt Hon Nicholas Edwards MP

27 July 1979

J JL

POLICY ON FILM FINANCE

Thank you for copying to me your letter of 19 July to Geoffrey Howe.

I have no comment to make on your proposal to reanimate the National Film Finance Corporation. I agree to the action you propose to take and the text of your draft Written Answer.

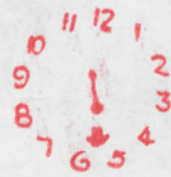
/ I am copying this to the recipients of your letter.

J on

Rt Hon John Nott MP
Secretary of State
Department of Trade
1 Victoria Street
LONDON
SW1H 0ET

Nick

31 JUL 1979



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