

PRIME MINISTER

INDEPENDENT TV

Last evening I had dinner with Geoffrey Tucker, G E McWatters (chairman) and Patrick Dromgoole (managing director), HTV.

They raised with me an issue which is likely to arise after the election and which, taken with your briefing by ITN about their aspirations and your somewhat shambolic lunch with all 15 ITV companies a few years ago, underlines the unsatisfactory state of commercial TV in this satellite age.

Essentially, HTV claims that one single reform - the ending of the control exercised by the main five companies over production and scheduling - is urgent and essential in the national interest.

According to them Granada, Yorkshire, Central, Thames and LWT exercise a stranglehold over the 15 companies' operations. These top five companies are responsible under IBA custom and practice for providing 42 hours of TV per week for the ITV network. The other 10 companies have to pay their share for that output even if they don't use it. There is a number of consequences :

1 - the companies are facing increasing criticism from their advertisers and the companies whose goods are being advertised about the inadequacy of their programmes and schedules in relation to BBC's output; they said that Michael Grade, with control over both BBC TV 1 & 2, was beating ITV hands down. (You will recall that I reported recently that Alastair Burnet was depressed about ITN's reverse in having to move its 1pm news to 12.30) The implication of HTV's position is that it would like ITV and Channel 4 to be scheduled by one person so that they compete directly with BBC. Mr Dromgoole was specific in opposing the flotation of Channel 4 as a separate entity.

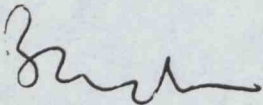
2 - the unions ruthlessly exploit the top five (whose drive to contain costs is much weakened by their ability to spread the overheads over 10 other largely helpless companies. Mr Dromgoole claimed that the costs per hour or per person employed of the top five could be approaching double those of the other 10 - figures of £40,000 and £70-75,000 per hour were quoted.

3 - some of the other 10 companies find it easier to sell their own productions abroad than get them scheduled at home.

4 - some of the other 10 companies are so flush with money (and in some cases, notably TVS and HTV, more flush than the top five) that they are investing it abroad because they cannot find TV outlets for it in Britain.

I asked Messrs McWatters and Dromgoole why IBA tolerated this unsatisfactory state of affairs. They said that Sir Donald Maitland was aware of it and was getting out and about and discussing the problem. But the IBA's tradition was not to lead but to regulate and they had the impression that the IBA was awaiting a lead from the Home Office. Thus the projected Government Green Paper on television broadcasting was crucial. You are aware that ITN regards the Green Paper in this light, too.

I understand that David Mellor is also well versed in the problem, but HTV clearly fear that he will find himself with a new job if you win the election.



B Ingham
May 21, 1987.