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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

24 July 1989

Dear Catherine,

BROADCASTING BILL: ADVERTISING AND SPONSORSHIP

The Prime Minister has seen the Home Secretary's letter of 21 July to the Secretary of State for Trade and Industry. She agrees with his proposal to leave the decision on the level of advertising minutage to the ITC.

I am copying this letter to the Private Secretaries to members of MISC 128 and Trevor Woolley (Cabinet Office).

*Yan,
Paul*

(PAUL GRAY)

Miss Catherine Bannister,
Home Office.

APPOINTMENTS IN CONFIDENCE

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ccbf
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*Prime Minister
Both Bernard Ingham
and Brian Griffiths support this
package. Contact?*

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

21 July 1989

Dear Paul

REC 24/7

Yes mt.

NEWS FOR CHANNELS 3, 4 AND 5

attached

The Home Secretary has today sent a minute to the Prime Minister setting out his proposals for news on Channels 3, 4 and 5. This minute has been copied to MISC 128 colleagues.

The Home Secretary thought that the Prime Minister would be interested to know what the proposals would mean for ITN. In fact, our view is that ITN would be particularly well placed under the new arrangements to become the Channel 3 news provider. In practice given the limited timescale for selecting a news supplier, and ITN's undoubtedly high standing in this area, it seems most unlikely that there could be any other candidate who could be seriously considered. The one difficulty we felt might be encountered is that ITN is at present owned by the ITV franchisees. As a consequence, if all existing franchisees became new licence holders, then ITN would be wholly owned by licensees, thus failing to meet our requirement that the news provider should be owned by a majority of non-licensee shareholders. Short of taking rather draconian powers in the Bill, it would not have been possible to wrest ITN away from its present owners. But we have overcome this particular problem by the proposal that the news provider should be licensed by the ITC, and that the licence conditions would include conditions on ownership. The licence would therefore require the news provider to be owned by a majority of non-licensees, and it would be a matter for the present owners of ITN so to arrange their shareholding to conform with this requirement. Of course, it may be that if some of the existing franchisees are not successful in the competitive tender, then the requirement that ITN should be owned by a majority of non-licensees would be satisfied without any change in shareholding.

Finally, the proposal that the ITC should have a power not to licence a second news organisation unless it could be sure that there were sufficient revenue adequately to fund both news organisations should ensure that ITN is not underfunded which might be the case if, for example, a few licensees were to try to seek to take their news from some other organisation.

*Yours sincerely
Catherine Bannister*

MISS C J BANNISTER

Paul Gray, Esq.

