



*ccfu*

PRIME MINISTER

*ow*

NEWS FOR CHANNELS 3, 4 AND 5

This minute sets out the arrangements I propose we should include in the Broadcasting Bill for news services on Channels 3, 4 and 5.

**Background**

2. The White Paper indicated that Channels 3, 4 and <sup>5</sup> would be required to show high quality news and to include news coverage in main viewing periods. It also proposed additional requirements on Channel 3, which are set out in the Annex. Those who responded to the White Paper were broadly in favour of these proposals, although some concern was expressed about the implications of moving towards majority shareholding in the Channel 3 news provider by non-licensees.

**Proposed Arrangements**

3. Taking account of the comments I have received, I now make the following proposals:

- (a) all Channel 3, 4 and 5 licensees will be required to show high quality news including during peak viewing periods;
- (b) all regional Channel 3 licensees will be required to show high quality regional news, as part of the requirement to show regional programming;
- (c) the ITC will have powers to require national news to be transmitted live and simultaneously in all regions;
- (d) Channel 3 licensees, collectively, will determine the scheduling and duration of the news broadcasts, but the ITC will have power to ensure that satisfactory arrangements have been made;
- (e) the ITC will be responsible for ensuring that at least one body is effectively equipped and financed to provide a Channel 3 news service for the regional licensees;

- (f) the ITC will have power to licence the news provider for regional Channel 3 licensees. The licence would not be awarded by competitive tender, but on the basis of the ITC'S assessment of whether the news provider offered the required high quality service. The licence conditions would enable the ITC to specify relevant ownership requirements, such as the extent of private shareholding and the limits of individual shareholding, and would also enable the ITC to require that the company was adequately financed and equipped. The need to meet these prospective licence conditions would provide the necessary incentive for the existing ITN shareholders to restructure their ownership arrangements in the way indicated in the White Paper;
- (g) news services for any non-regional Channel 3, 4 and 5 licensees would not need to be licensed, but would be required nevertheless to be of high quality;
- (h) a majority of the shares in the Channel 3 news service will be required to be held by external shareholders, but no external investor will be permitted to hold more than a 20% interest. The White Paper proposed to limit individual external shareholdings for non-licensees to 5%, but I think on reflection that this could act as a disincentive to investors since it would give no effective say in the running of the business, I propose, therefore, that the limit should be 20%, in line with our other decisions on broadcasting ownership. Such a limit would not give a dominant position to a single shareholder;
- (i) Channel 3 regional licensees will be required to finance the Channel 3 news organisation;
- (j) the ITC would not be required to licence a second Channel 3 news service, if to do so would prejudice the general provision of high quality news, since it is by no means clear that it would be economic to sustain two high quality Channel 3 news operations.

3.

**Conclusion**

4. I should be glad to know if you and colleagues are content with the arrangements I propose.

5. I am copying this minute to MISC 128 colleagues, to the Foreign Secretary and to Sir Robin Butler.

*Catherine Bamford*

APPROVED BY THE HOME SECRETARY  
AND SIGNED IN HIS ABSENCE

21 July 1989

## WHITE PAPER: NEWS REQUIREMENTS FOR CHANNEL 3

- a. The ITC would be required to ensure that there was at least one body effectively equipped and financed to provide news on Channel 3;
- b. Channel 3 licensees would be required to finance the organisation and in exchange would have the opportunity to own shares in it;
- c. some shares would be held externally by bodies without licences on any television channel;
- d. eventually, a majority of shares should be held by non-licensees;
- e. no external investor should hold more than 5% of shares;
- f. the ITC would have powers to ensure that the news service provided by one or more of the news organisations was shown by Channel 3 stations including at peak viewing times;
- g. the ITC would have the power to withdraw its approval of a news organisation established under the arrangements.

