

139/12

PROFESSOR GRIFFITHS

NEWS ON CHANNEL 3

The Home Office Private Office have sent me the attached internal note about the latest position on Channel 3 news.

Do you think this is satisfactory and we can let matters rest for the moment? Or is there any further action you think we should put in hand?

REC.

RT

PAUL GRAY

12 December 1989

REC
13/12

Paul Gray

Let matters rest for the moment - but we may be jopped into some sort of action in Committee stage.

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by fax
cc Mr Gray
10 Downing St

From: L P Wright
T1 Division
Ext 3131
6 December 1989

cc Mr Scoble
Mr Eagle

Can mentioned
if are done get
well. Does this
help?
C

Mr Walters

NEWS ON CHANNEL 3 : SHAREHOLDING LIMITS

You asked for a note about the proposals on shareholdings in Channel 3, to enable you to respond to the enquiry from No 10.

2. The White Paper said that the Government intended to impose a duty on the ITC to ensure that there was at least one body equipped and financed to provide news on Channel 3. This organisation would be financed by Channel 3 licensees who would in exchange be able to own shares in it. However whereas at present all ITN shares are held by ITV contractors, under the new provision some shares would be held externally by bodies without licences on any television channel. Eventually a majority of shares should be held by non-licensees. The detailed arrangements needed further study and consultation.

3. The approach adopted in drafting the Bill provisions is that the ITC will be required to nominate one or more news providers for Channel 3. The instrument of nomination will include conditions imposing limits on the shareholdings which may be held by particular groups. It is currently envisaged that a majority of shares should be held by non-Channel 3 licensees, but that no external investor will be permitted to hold more than a 20% interest. The ITC would be able to allow a period of grace after nomination to allow for any restructuring of the shareholding of ITN, or other nominated news supplier, that



E.R.

might be necessary.

4. These proposals have been welcomed by ITN and by the IBA. The ITV Association however, while accepting the case for a minority non-Channel 3 shareholding in the news provider, do not regard it as reasonable that Channel 3 licensees should be required to take their news from an organisation in which they are prevented from owning a majority share. This issue will clearly be probed in detail in Committee.

5. I hope this is sufficient for your present purposes, but if you need anything more please let me know.

LPW

L P WRIGHT

6 December 1989

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