

BROADCASTING BILL: NETWORKING ARRANGEMENTS FOR CHANNEL 3

At present the 15 ITV companies operate a networking agreement, under which the five largest companies provide the bulk of network programmes, at prices decided by themselves.

The middle five companies resent this arrangement, claiming it is a cartel which keeps them from supplying programmes for the network. They also claim that the costs of the largest companies are considerably in excess of their own.

When MISC 128 discussed this issue, it decided that under a deregulated regime for C3 neither the Government nor the ITC should impose a network agreement on the channel.

The Home Secretary now proposes that there should be a networking agreement, imposed by the ITC but only for a 2 year transitional period. The basis of the argument is that if the ITC does not have such a responsibility, we may end up with the dominance of the new system by the five largest companies. In other words we cannot assume that the licensees left to themselves will devise a networking agreement which is both fair and competitive.

I believe that the Home Secretary's judgement on this issue is correct.

Two dangers to be avoided

The Home Secretary puts forward a specific proposal under which the ITC would include in the award of licenses specific conditions on three issues:

- (a) the number of hours to be supplied by those companies who wanted to provide network programmes;
- (b) the cost to each company of taking network programmes;
- (c) the granting of powers to the ITC to approve the arrangements.

This is fine as far as it goes. But there are two dangers:

- the ITC may be tempted to extend its time period for more than two years;
- when the "terms of trade" for the new system are drawn up, the five large companies may lean so heavily on the ITC, that they are biased against medium-sized companies and independents.

#### Recommendation

Accept the Home Secretary's recommendation but ask him to stress two points:

- the strictly limited nature of the arrangement;
- the absence of any discrimination against middle-sized C3 companies or independents.



BRIAN GRIFFITHS