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Prime Minister

BROADCASTING BILL: INDEPENDENT PRODUCTION

I am grateful to you and your colleagues for endorsement of the proposals in my minute of 9 November for a statutory scheme to apply the 25% requirement to the BBC. I am happy to take on board your point that the OFT reports should be regularly published.

Nicholas Ridley and John Major have both commented on the proposal that the requirement on the BBC should apply from 1 January 1994. Perhaps I can first deal with John Major's point. Most programmes take at least a year from commissioning to transmission, and thus I think a six months delay in the statute would not meet the point. Indeed, even a year is less than generous to the BBC. Nicholas Ridley argues that if the BBC are to reach the present non-statutory target of a 25% commissioning rate by the end of 1992, they should in fact be close to reaching it throughout 1992 and thus capable of a 25% transmission rate during 1993. But in practice I do not expect it to work like that. The undertaking by the BBC is not to be commissioning at a rate of 25% throughout 1992; from a standing start a couple of years ago they, like the IBA, are building up progressively. It would be entirely consistent with their declared target for them still to be clearly below 25% in the early part of 1992 but for the line to have been crossed by the end of 1992. It is not logical to argue that a profile of this kind would enable them to be transmitting at a rate of 25% throughout the whole of 1993. I think we must, therefore, stick to my previous proposal for a target date of 1 January 1994.

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As regards the exclusion of news and similar programming, Nicholas argues that this would reduce the quota to about 15%; that with the exclusion of the broadcasters get no credit for any independently produced programmes in these categories that they do include; and that as a fall-back perhaps national programming alone should be excluded. Your Private Secretary's letter of 27 November supported the latter suggestion.

Taking Nicholas' points in order, I think we must first remind ourselves where we are starting from. The independent production initiative has applied from the outset only to certain categories of programmes, excluding such material as news and news-related daily current affairs programmes. In translating that into a statutory requirement, we will not be reducing the scope of the initiative but maintaining it exactly where it always has been. Conversely to the argument Nicholas puts forward, removal of the news etc exclusion would actually expand the initiative. That brings us back to the substantive arguments for and against a change.

Nicholas is right that with news and similar programming excluded, the broadcasters do not get the credit for any programmes they do include. It is of course entirely right not to allow the broadcasters to count any such programmes toward the 25% if they do not also count towards the 100% denominator; but there is no problem about ensuring that and it hardly constitutes an argument for bringing the material within the initiative.

As regards the suggestion that local news and similar programming should be brought within the initiative, I do not see how we could do this without any substantive evidence that it is feasible for the broadcasters to place such material

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with the independents; and without regard to the effect on local broadcasting if they were to do it. I explained in my earlier minute why it was not right to expect them to contract out the whole of their operations (editorial control, house style, establishment of identity, links and rapport with customers); and no-one - not even the independent producers' representatives - has shown how it would be feasible to contract out 25% of such operations. As I said before, news requires established infrastructure to collect it; and stories which develop progressively during the day cannot be passed from producer to producer. So far as I am aware the most that could be contracted out is the occasional pre-planned news feature, and we can hardly erect a 25% requirement on the strength of that.

Furthermore, we have to recognise that news and similar programming comprises a greater part of local than of network material (just over 60%). Of course this means that independent producers have less access at local level (in proportion to all material); but as explained there are very good substantive reasons for this. And if we were to ignore such reasons and bring local news etc into the quota the mathematics could leave broadcasters with the unpalatable choice of giving up most (on average 60%) of their own production in the non-news sphere, or of contracting out a significant part of their news operation with all its attendant objections and difficulties. That would have serious and I believe unwelcome implications for the staffing, structure and indeed concept of regional companies.

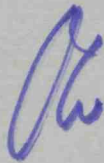
I must also say that I think it would be regarded as bad faith for the Government to decide at this stage to go back on the original agreement to exclude news and similar programming. The present commitment is more than a signature

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on a piece of paper for the broadcasters; it means they have to give up staff and production capacity. Despite this and contrary to occasional stories inspired in the press by those with an axe to grind, they have been conscientiously going about implementation of the initiative and are on course for their interim targets. Given that they are doing precisely what we asked them to do, it is not right for us to set a higher target - achievement of which in 1993/94 would mean them moving faster than agreed in the years of the voluntary scheme. We should plan to put into statutory form the agreement they are clearly doing their best to honour, not substitute something else. The need for any further change can be considered in 1993/94 in the light of what is likely to be a very different broadcasting market.

Copies go to other members of MISC 128.



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