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 The moratorium  
 was agreed (reluctantly) by  
 the Prime Minister.  
 18/6

# Home Office

## NEWS RELEASE

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### MELLOR ANNOUNCES CHANGES TO BROADCASTING BILL ON MORATORIUM ON TAKEOVERS AND ON NETWORKING

Home Office Minister of State David Mellor QC MP today announced that the Government will introduce two new provisions into the Broadcasting Bill providing for a limited moratorium on takeovers and for networking arrangements.

#### Moratorium

The Government intends to give the Independent Television Commission the power to impose a moratorium on takeovers of Channel 3 and 5 licensees from the point at which the licence was awarded until one year after the start of broadcasting.

Mr Mellor commented: "I noted the many strong arguments put forward in the Commons and in the Lords' Second Reading Debate for a moratorium on takeovers, in order to provide for a period of stability at the commencement of the new licence period. The length of the moratorium period is the one which was proposed by George Russell, the Chairman designate of the ITC. Thereafter we believe it would be right to allow takeovers of licensees. The prospect of takeovers is an important market discipline which is conducive to efficiency. But that does not mean there will be a free-for-all.

"Takeovers and transfers of licences will still be subject to ITC oversight. They will have to be satisfied that the original programme promises and licence conditions can still be met and that the new owners are people they would have been prepared to grant a licence to in the first place."

#### Networking

Mr Mellor said: "I have long recognised the need for Channel 3 to operate a network. The only question was the form of statutory provision which should underpin it. George Russell has made clear that the ITC, under such an arrangement, would not expect to devise a completely new networking scheme. Instead, they would hope simply to be able to roll forward the new networking arrangement presently being negotiated among the existing ITV companies, assuming this produces an outcome which is acceptable in terms of free access and fair competition. I hope that the ITV companies will be able soon to finalise their network arrangements for the remainder of the ITV franchise period. Such arrangements could then form the basis for the networking scheme from 1993 onwards."

It is proposed that the Channel 3 quality threshold should now include a new provision requiring a sufficient proportion of programming to derive from networking arrangements agreed between licensees for securing coordination in the production, supply and scheduling of programmes for regional Channel 3 services.

Licensees, on appointment, would be free to seek to conclude whatever networking arrangements they wished. The expectation would be that voluntary arrangements would be concluded without the intervention of the ITC. As a fallback, however, should voluntary arrangements not materialise within a specified period of the award of the licence, the ITC would be able to impose a scheme of networking on the licensees. Any imposed arrangements would last for a maximum of two years, or for such shorter period as was agreed among the licensees themselves.

Any networking arrangement, whether agreed voluntarily or imposed by the ITC, would need to be fair, and in particular should not discriminate against small companies or new entrants. Accordingly, the Office of Fair Trading would be required to confirm that such arrangements offered fair and free access by all licensees to the network. The OFT would not be expected to consider wider competition issues, but simply to ensure that the arrangements were such that the network operated on a fair basis.