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NEWS RELEASE

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INDEPENDENT TELEVISION LEVY 1990-1992

The Home Secretary, the Rt Hon Douglas Hurd CBE MP, today announced that the independent television levy for 1990 to 1992 will be raised both from the net advertising revenue and from the profits of the independent television contracts. The Government intends to raise broadly what the arrangements before 1986 would have produced, with about three-quarters coming from net advertising revenue and the remainder from profits. The aim is to encourage contractors to be cost conscious and ensure an adequate return for a scarce national resource. Precise details will be published in the spring of 1989.

In reply to a written Parliamentary question from Mr Harry Greenway MP (Ealing North), Mr Hurd said:

"In conjunction with the Treasury, my Department has reviewed the arrangements in the Broadcasting Act 1981, as amended by the Finance Act 1986, for additional payments by independent television contractors (the levy). The review was undertaken to consider transitional arrangements for the 1990-92 contract extension period prior to the re-structuring of independent television on the lines proposed in the Government's recently published White Paper on Broadcasting. It also took into account the recommendations of the 43rd Report of the Committee of Public Accounts in 1987-88.

"Following consultation with the IBA, we have decided that the levy for the period 1 January 1990 to 31 December 1992 will be raised both from the net advertising revenue and from the profits of the independent television contracts. It is intended that the overall yield of the levy during this period should be of broadly the same amount as would have arisen under the arrangements which existed prior to 1986. The structure of the new levy will be such that about three-quarters of the total yield is expected to arise from net advertising revenue and the remainder from profits.

"The purpose behind these changes is to encourage cost consciousness amongst the independent television contractors and to ensure an adequate return to the Government for use of a scarce national resource during the contract extension period.

"Precise details of the levy structure will be published in the spring of next year. The Government's detailed response to the 43rd Report of the Public Accounts Committee will be published in a Treasury Minute early next year".