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CCB/P

CHANNEL 4

This is likely to prove an extremely difficult decision.

The lobbying by the broadcasting industry in favour of continuing subsidies to C4 because of its public service broadcasting function has been intense.

The central issue is whether the remit of C4 can be protected if C4 is privately owned. I am very sceptical at the arguments used by the industry. Even if C4 cannot keep its remit, however, two clear alternatives exist:

- (a) the Home Secretary's proposal in which C4 would be owned by a public trust, have a basic guaranteed income and have continuing subsidies from C3 (in terms of cross-programming);
- (b) a private C4 - which Michael Grade and the Board accept is likely to be profitable for the next five years or so - which, if after that was unable to deliver its remit, would require a decision at the time as to whether it should be funded in part by an Arts Council of the Air.

The Home Secretary's Proposal

This has serious disadvantages:

- (i) it requires a restriction of competition between C3 and C4 and will set the tone for the new broadcasting regime;

- (ii) C3 are being asked to subsidise C4 in the medium term: C3 will almost certainly extract a quid pro quo from government for this - probably a restricting of competition among themselves. None of this is spelt out in the Home Office paper - but it should be explored;
- (ii) if C4 know that they have a guaranteed income, this will influence their behaviour: they will not have the same incentive to efficiency as they otherwise would;
- (iv) if the guaranteed income is targetted to be 14% of NAR but never more in absolute terms than 2% of NAR, as the Home Secretary suggests, we shall have constant lobbying from the whole of the British broadcasting industry to raise both figures (C4 is after all to them public service broadcasting).

If at the end of the day, the Home Secretary is determined to go down this route then it is important to devote much more attention to the particular numbers which are put forward in his paper: the present ones seem to have been put forward by C4 itself!

CONCLUSION

It is important that C4 does not set the tone for the new de-regulated broadcasting system. If at the end of this day C4 requires a public subsidy - this should be done through the most efficient means (Arts Council of the Air - straight subsidy) rather than the Home Secretary's proposal which affects so many other things as well.

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