[GB] Competition Authorities Agree Mergers to Consolidate Channel 3 Ownership

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The UK competition authorities have agreed to a set of mergers that will change the number of owners of the major Channel 3 companies (by far the most important private broadcasters) from three to two. Channel 3 (better known as ITV) is organised on the basis of sixteen regional licenses that combine as a single network to offer the bulk of the programmes. Since the award of the licences in 1991, there has been a strong process of consolidation between the owners of franchises, so that by 1999 all the most important licences were owned by three companies; Carlton Communications, the Granada Group and United News and Media. Further consolidation was restricted in two ways: firstly a 15% limit on multilicence ownership representing more than a 15% share of total television audience time (including that of the public BBC) under the Broadcasting Act 1996, schedule 2, and secondly undertakings given in 1994 by the companies to the competition authorities that a single company would not exceed 25% of all television advertising revenue. The latter is the more demanding as the BBC does not broadcast any advertising.

Three mergers were proposed (in the form of hostile takeovers), between Carlton and United News and Media, between Granada and United News and Media, and between Granada and Carlton. These were referred to the Competition Commission, the main competition authority, by the Minister. The Commission decided that the two mergers involving Granada would not operate against the public interest and cleared them. That between Carlton and United News and Media was cleared conditionally on the divestment of one licence (Meridian, for the South of England). In fact, immediately after this decision it was agreed that the Meridian licence would be sold to Granada. As a result, two companies, Carlton and Granada, acquired effective control of the network. This did not break the statutory 15% limit, but the 25% limit on advertising revenue was lifted and the companies were allowed to exceed it. It is thought by many commentators that it will only be a matter of time until the network is controlled by a single company, although that will require statutory change to the 15% limit.

Department of Trade and Industry, Carlton, Granada and UNM: Competition Commission Report and Decisions, Press Release P/2000/488, 14 July 2000

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