

2.3 TELEVISION REVENUE

The BBC is funded by a compulsory licence fee, paid by all households which own a TV set. The fee is currently £80 (US\$124.8) for a colour licence. In 1991 this generated £1,486 million (US\$2,627.4 million) of revenue for its Home Services Division, which includes television and radio.

Television advertising expenditure rose dramatically during the Eighties from £692 million (\$1,224 million) at the beginning of the decade to £2,325 million (US\$4,114 million) by 1990. However, since 1988 the effects of recession have taken their toll on the advertising market, and 1991 saw an increase of just 1.5 per cent.

Television ad spending has accounted for around 30 per cent of total advertising expenditure since the mid eighties. Newspapers remain the dominant advertising medium but television's share is expected to rise as the number of commercial channels increases.

Table 5.24 Revenue per Channel, 1991 (£m)

	BBC1 & 2	ITV	Channel 4	Satellite
Licence Fee*	£1,486	None	None	None
Advertising	None	1,318	279	42
Subscription	None	None	None	268

Source: Zenith Media

*This is the total income for BBC Home Services Division, including radio.

2.4 BROADCASTERS

Public sector

British Broadcasting Corporation (BBC)

The BBC operates two television channels, BBC1 and BBC2. Established in 1936, BBC1 provides a broad range of general entertainment and informative programming, while BBC2 provides a complementary service, focusing on the arts, new talent, documentaries, drama and debate.

Both channels are funded by the licence fee. BBC1 takes up to 40 per cent of total BBC income, while BBC2 takes up to 20 per cent. In recent years BBC1's audience share has been in decline and in 1991 it fell by another 2.9 per cent to 35 per cent. BBC2's audience share remained steady at 10.2 per cent.