



HOME OFFICE
 QUEEN ANNE'S GATE
 LONDON SW1H 9AT

31 July 1984

Dear Andrew,

DBS JOINT PROJECT: THIRD ELEMENT

You will recall that, following the Ministerial discussions recorded in your letter of 1 May, the Home Secretary announced in Parliament the Government's proposals for a DBS Joint Project to bring together the BBC, ITV companies and a 'third element'. Since then the necessary legislation has been enacted as additions to what is now the Cable and Broadcasting Bill Act 1984. Meanwhile the IBA has, as requested, been receiving expressions of interest in participating in the 'third element'.

The Home Secretary has now received and considered the advice of the IBA on suitable 'third element' participants and he will be announcing later today in reply to an arranged PQ the names of the potential participants who may go forward to negotiate with the existing broadcasters. I attach a copy of the text of the Question and Reply.

Both successful and unsuccessful applicants will be informed at the time the Reply is given, as will the BBC, the IBA, and ITCA. The IBA included in their advice to the Home Secretary a general suggestion in broad terms of the sorts of proportions which the independent participants might take up in the project. This has been communicated, purely as an indication, to those successful, but the Home Secretary regards the actual shares as matters to be determined in the course of the negotiations between the parties.

In giving their advice the IBA drew attention to the fact that one of the recommended companies, Consolidated Satellite Broadcasting Limited, is at present a wholly owned subsidiary of Consolidated Productions Limited (CPL), and that CPL is registered not within the European Community but in the Bahamas. This would mean that CSB Limited would as matters stand be disqualified from participation in the project under the terms of section 43 of the new Act. The company's solicitors however have registered their willingness to adjust the structure to ensure that CSB Limited is not controlled by a disqualified person. The Home Secretary is therefore indicating to CSB that his willingness to see them enter negotiations is conditional on these changes being made, and on a reduction in the size of the stake in the parent company held by Radiotele-Luxembourg (RTL)

The Home Secretary will not exercise his statutory power of approval under the Act until the various participants have voluntarily reached a suitable agreement.

/In order

Andrew Turnbull, Esq

In order to maintain momentum, however, you will see that he has asked for a report on progress towards agreement to be made to him by the end of September 1984.

I am sending a copy of this letter to the Private Secretaries to the Chief Secretary; Secretary of State for Trade and Industry; Chancellor of the Duchy of Lancaster; and to Sir Robert Armstrong.

Yours ever,

Christine.

MRS C J HEALD

Tuesday, 31st July, 1984.

Written No. 217

Mr. Michael Mates (East Hampshire): To ask the Secretary of State for the Home Department, if he will make a statement about participation in the third element in the Direct Broadcasting by Satellite Joint Project which he announced in the House on 8th May, Official Report, columns 751-4.

MR. LEON BRITTAN

In announcing to the House on 8th May the Government's decision regarding a Joint Project to provide the first stage of British DBS services I expressed the importance which the Government attached to providing an opportunity for companies and organisations additional to the BBC and ITV companies to participate; and I explained that I should be seeking the help and advice of the Independent Broadcasting Authority (IBA) in identifying suitable participants from among those who expressed an interest (Official Report, vol. 59, cols. 751-4).

I have now received and considered the IBA's advice and, after considering it, I have today indicated to the companies listed below that I would be prepared to give my approval, under section 43(1) of the Cable and Broadcasting Act 1984, to their participation in the group to provide DBS programmes, subject to the successful conclusion of negotiations between them and the BBC and participating ITV companies and the resolution of certain other outstanding points.

/As previously

As previously indicated, the BBC will be able to take up a half share of the project. In the light of the IBA's advice I envisage that, subject to final negotiation, the participating ITV companies should between them have a 30 per cent. share.

I am grateful to the IBA for their prompt assistance, and to all companies and individuals who responded. The degree of interest expressed is encouraging, and I now hope that the bodies concerned can proceed to a rapid and fruitful negotiation, so that I can exercise my statutory power of approval early in the new Session of Parliament. To that end, I am asking for a report on progress towards agreement to be made to me by the end of September at the latest.

The companies are (in alphabetical order);

Consolidated Satellite Broadcasting Ltd
Granada TV Rental Ltd
Pearson plc
Thorn EMI plc
Virgin Group Ltd

BROADCASTING : DBS = P&S