



QUEEN ANNE'S GATE LONDON SW1H 9AT

10 July 1937

Dear Lord Blakesham,

Thank you for your letter of 30 June about British Satellite Broadcasting's DBS project.

I have noted what you say about the possible case for bringing channels four and five into use relatively early, on the basis that a five channel UK DBS television service may be desirable for the consumer and important for the successful marketing of the necessary receiver equipment. Of course if over the coming months you wish to raise that possibility again with us and the IBA we would wish to consider it carefully. In the meantime I am happy to repeat that we would not allocate the additional two channels until BSB has been operational for at least three years. I do not feel able to go as far as to say that this step would not be taken until five years after the start of BSB's services, as you request.

In your letter you raise a second area of concern: in particular the possibly damaging effect on BSB which some of the proposals presently being canvassed for development of broadcasting policy might have. You mention in particular the threat you perceive in new subscription services, new off-air services or a premium film channel.

As you know, our aim is to move towards a more competitive broadcasting market with developments occurring, wherever possible, commercially. Our manifesto said that we would follow a policy of more competition, variety and innovation in our domestic networks. We are, of course, still developing our policy in the wake of the Peacock Report. We shall be considering, for example, the future of subscription in the light of reaction to our Consultants' report which was recently published; and there are a number of other issues on which we will be considering changes.

Nonetheless I can assure you that we in Government wish BSB every success in its venture and that we well understand the commercial risk involved, the high initial investment and the possible technical uncertainties. We appreciate, too, the vital contribution the project may make both in terms of the development of broadcasting services and in its industrial and commercial implications. In considering any possible changes to the broadcasting environment we will give full consideration to the

potential impact on all interested parties - DBS and cable operators, the terrestrial broadcasters and others - just as we would when considering major changes in any other policy area.

Like you, I am sending a copy of this letter to Lord Thomson.

Yours sincerely,

Clin E. Miller

APPROVED BY THE HOME SECRETARY
AND SIGNED IN HIS ABSENCE