

CONFIDENTIAL



10 DOWNING STREET  
LONDON SW1A 2AA

From the Private Secretary

2 June 1988

*Dear Sir*

**TRANSFER OF TERRESTRIAL T.V. SERVICES TO DBS**

The Prime Minister has now had a chance to study further your Secretary of State's recent minute about which I wrote yesterday. She has commented that with regard to the Channel 4 and the IBA she thinks that we should first decide whether the channel should be independent of Channel 3 and then depending on that and on a satisfactory reply from Channel 4 (ie. that they would be willing to go for satellite) it could be offered - but not pressed upon - BBC 2. She has also asked what the consequences would be on the cost of the BBC television licence.

We discussed this on the telephone and agreed that it would be useful for your Secretary of State to discuss these issues at his next meeting with the Prime Minister.

I am copying this letter to the Private Secretaries of MISC 128 and Trevor Woolley (Cabinet Office).

*Z*

*Andy*

P A BEARPARK

Jeremy Godfrey, Esq.,  
Department of Trade and Industry

CONFIDENTIAL

*Lo*

BROADCASTING DB, pt 6



Handwritten initials 'CBF' and 'JW'.

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

1 June 1988

*Dear Jeremy*

The Prime Minister has seen your Secretary of State's recent minute on the transfer of terrestrial TV services to DBS. She has noted that there is no point in trying to change BBC 2 as the licence fee already pays for that channel. She feels, however, that Channel 4 could be different as she assumes we will let Channel 4 go independently of Channel 3.

I am copying this letter to the Private Secretaries to members of MISC 128 and Sir Robin Butler.

*Z*

*Andy*

(P. A. BEARPARK)

Jeremy Godfrey, Esq.,  
Department of Trade and Industry.

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BROADCASTING  
DBS pt 6



FA

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ce BA

the department for Enterprise

CONFIDENTIAL Prime Minister

PRIME MINISTER

There is no point in trying to change the already paid for this channel. Channel 4 could do it.

Contact for discussions with the IBA and BBC as proposed at X?

PR 06 27/5

TRANSFER OF TERRESTRIAL TV SERVICES TO DBS

I assume it would then

At the last meeting of MISC 128 you asked to be consulted if it was thought necessary to extend our consultations outside government beyond BSB.

attached let channel 4 go independently of Channel 3 IBA -

2 Douglas Hurd and I have arranged to meet BSB on 7 June. Their attitude will be a crucial factor in determining the feasibility of the outline proposal I put forward and we shall be unable to work up soundly-based detailed proposals without their cooperation. In view of the commercial implications for BSB I do not believe they will be prepared to enter into any serious discussions with us without consulting their shareholders.

3 BSB's shareholders however include two ITV companies, and we must assume that once they learn of the proposal, word will very quickly reach the IBA, and no doubt the BBC as well. I believe therefore that Douglas and I should speak to both the BBC and the IBA as soon as possible after we have met BSB, provided, of course, that BSB's initial reaction is not wholly unfavourable. This will ensure that the initiative remains with us, and that our discussions are conducted on ground of our own, rather than the broadcasters' choosing.

X

see above not

4 I recognise that this course increases the risk of our ideas becoming public knowledge sooner rather than later, but this is a risk we have to run if we are to work up proposals which have a real chance of success. I believe that we can handle any press



interest adequately, provided that Douglas and I agree a common line, in advance of the meeting with BSB, emphasising the exploratory and tentative nature of the discussions.

5 As part of the working up of the general proposals which I put to MISC 128, I have been giving further thought to handling the withdrawal of Channel 4's and BBC2's terrestrial frequencies. An alternative to the fixed cut/off date I originally suggested might be a cut/off date specified by reference to dish penetration. Terrestrial transmission might cease either 12 months after dish penetration reached, say, 60% or after 7 years, provided dish penetration had by then reached a minimum of 40%. (At this stage the figures are purely illustrative.) My own view is that dish penetration will grow much more rapidly than the pessimists suppose, and that we should therefore be able to claw back the terrestrial frequencies fairly soon and start the new channels, advertising-financed and regionally-configured, that I think are needed. But this variant would give some comfort to the broadcasters that the viability of Channel 4 in particular would not be jeopardised by cutting it off prematurely from the market for its advertising.

6 As I believe MISC 128 recognised, there will no doubt be other variations on my original theme which will need to be considered in the process of developing a set of detailed proposals which meets our own requirements and is reasonably acceptable to BSB and others. I fully recognise that this means that the discussions which we have outside Government must be entirely without commitment until colleagues have considered the proposals, which I hope Douglas and I will be able to put forward as soon as possible.



**dti**

the department for Enterprise

7 I am copying this minute to the other members of MISC 128  
and to Sir Robin Butler.



D Y

May 1988

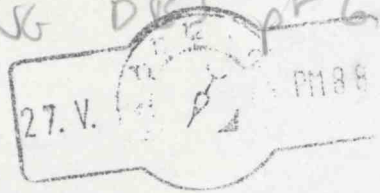
DEPARTMENT OF TRADE & INDUSTRY



the  
**Enterprise**  
initiative



BROADCASTING DEPT 46



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the department for Enterprise

R1/6

Andy,

We spoke. It would be very helpful to receive a letter along the lines of the attached. The point of the second paragraph is that we will have to try all sorts of variations out before finding one that is acceptable.

Jeremy

  
the  
**Enterprise**  
initiative

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DRAFT LETTER TO JEREMY GODFREY

The Prime Minister has considered further your Secretary of State's minute of 27 May. She agrees that it will probably be necessary for BSB to consult its shareholders and that your Secretary of State and the Home Secretary should talk to the BBC and IBA shortly after meeting BSB, provided the BSB reaction is not wholly unfavourable.

The Prime Minister has noted your Secretary of State's suggestion that the withdrawal of terrestrial frequencies might be tied to the penetration of DBS dishes. She is content for this proposal - and other variations on your Secretary of State's original ideas - to be pursued. But she feels it must be made clear that any discussions with parties outside government are exploratory and without commitment.

I am copying this letter to Private Secretaries to other members of MISC 128 and to Trevor Woolley.





10 DOWNING STREET

Prime Minister!

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I am sorry to have to come back  
on the attached.

Are you content -

- for Lord Tony / Douglas Hurd to  
speak to the BBC/IBA subject to  
the points you make?

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- ref para 5/6 for schm ideas  
to be pursued with parties outside  
government on a no-commitment basis?

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Re Channel 4 → IBA. I think  
we should first <sup>PAB</sup>  
decide whether the Channel should  
be independent of Channel 3 p. 6.2

Depending on their and  
then on a satisfactory  
reply from Ch. 4 (i.e. that  
they would be willing to go  
satellite) it could be  
offered but not promised  
upon BBC 2. But what  
would the consequence be  
on the work of the BBC.  
I think no