



CEPU

Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

21 December 1988

Rt Hon Douglas Hurd CBE MP
Secretary of State for the Home Dept
Home Office
50 Queen Anne's Gate
LONDON
SW1H 9BW

NBH

*REC 6
22/12*

Dear Secretary of State,

DBS LEVY

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Thank you for your letter of 6 December. I have also seen David Young's letter of 12 December.

I am content with the draft letter to BSB, subject to the amendments suggested by David. DBS will require a lot of fixed investment and we have agreed that the levy should not apply at a positive rate until the cost of that investment has been recovered. However once the fixed costs have been recovered, satellite TV may well be highly profitable. And by then it will be just another means of delivering programmes to the home, in direct competition with terrestrial television. In those circumstances I would expect the levy to apply to BSB in the same way as it applies to terrestrial TV.

I am copying this letter to the Prime Minister, other members of MISC 128 and Sir Robin Butler.

Yours sincerely,

Muir Wallace

pp NIGEL LAWSON

(Approved by the Chancellor and signed in his absence.)

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