

dti

the department for Enterprise

CPA

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

The Rt Hon Douglas Hurd CBE MP
Secretary of State for Home Department
Home Office
Queen Anne's Gate
LONDON
SW1H 9AT

MBPM
RACG
18/4

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 215 5422
Our ref PS5CHB
Your ref
Date 18 April 1989

John Douglas

at flap

Thank you for your letter of 10 April about the proposals for local services which you plan to announce at the end of the month.

As you mention, our officials have done a great deal of work on this, and subject to my detailed comments below, I am happy for you to make the announcement on the lines you suggest.

On SMATV, your letter looked forward to a modified regime from the Cable Authority which, I understand, now looks as though it will be less liberal than originally suggested. Whilst this will help highlight the extent of liberalisation in our proposals, it does warn us of the balance that must be struck between SMATV liberalisation and the need to make LDOs attractive enough to encourage investment. Our other new proposals (in relation to retail/delivery separation, levy and second franchising) have, however, all been amended in a way that should encourage LDOs and I am content that in the round ours is a balanced package.

I understand your wish to announce our policy on all aspects of ownership together. May I suggest, therefore, that you omit totally paragraph 6 of the note for the libraries of the Houses, and replace it with a sentence on the following lines:

the
Enterprise
Initiative

dti

the department for Enterprise

"Details of the ownership rules for LDOs will be contained in a forthcoming announcement of the Government's overall policy towards ownership rules under the new broadcasting regime."

I do not think we can issue the paragraph as it stands before we have reached final decisions on ownership.

... I attach as an annex some detailed drafting suggestions on the statement with which I am essentially content.

I shall be writing separately to colleagues about MVDS frequencies very shortly.

I am copying this letter to recipients of yours.

*J. C. E.
David*

the
Enterprise
Initiative

SUGGESTED AMENDMENTS TO DRAFT ARRANGED PQ ON LOCAL SERVICES

- 1 Page 2 Line 4 insert "in the area concerned" after "demand".
- 2 Page 2 Line 5 insert "nature and" after "choose the".
- 3 Page 2 Line 8 might read "... safety and interference, but also, for example, to compatibility. The Government, after consulting all interested parties, will decide how this is to be achieved."
- 4 Page 2 first complete paragraph penultimate line "... tender mechanism, taking due account of the arrangements decided upon for the allocation of licences for Channels 3 and 5."
- 5 Page 3 Line 10 insert "some" after "injecting".
- 6 Page 3 Line 12 delete "considerably".
- 7 Page 3 Line 13 delete both phrases in square brackets.
- 8 Page 3 Line 22 insert "significant" for "substantial".
- 9 Page 3 Line 26 "systems larger than this and covering not more than 1,000 homes would be individually licensed under that Act...".
- 10 Page 3 Line 31 insert "Unlike local delivery operators," before "SMATV operators".
- 11 Page 4 Line 3 delete "the modified policy which the Cable Authority has recently announced".
- 12 Page 4 Line 4 retain passage in square brackets beginning "licensed" but amended to read "licensed SMATV operators would only be able to carry Channels licensed by the ITC....".

Amendment to Note entitled "Government proposal on local services".

Paragraph 11 Line 9 for "could" insert "would".

BROADCASTING: Kansas
147

18. W.