

CONFIDENTIAL

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CC PLK



Miss Caroline Slocock
Private Secretary
No 10 Downing Street
LONDON
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NBRM

ALCG

1/7

30 June 1989

Dear Caroline,

TRANSMISSION AND NIGHT HOURS

With 19

My Secretary of State has seen the Home Secretary's minute of 29 June about the forthcoming statement on privatisation of the transmission system and the arrangements for BBC night hours.

Mr Rifkind strongly supports the Home Secretary's recommendation that transmission charges should be based on Net Advertising Revenue (NAR). This seems to him to be the most readily explicable and acceptable basis for charging for a national network in a way which takes account of the very different revenue generating capacity of the transmission network in different franchise areas. He accepts that that may change over time and that the IBA financial projections suggest that by the end of the century the gap between population and NAR tariffs would be quite small. Indeed, a merit of the NAR system is that it responds to the changing balance of financial strength amongst the Channel 3 companies rather than ossifying contributions on the basis of population shares.

Mr Rifkind is also content with the terms of the Home Secretary's proposed announcement on the retention by the BBC of both sets of night hours.

I am sending copies of this letter to the Private Secretaries to other members of MISC.128 and to Trevor Woolley at the Cabinet Office.

Yours sincerely,

David Crawley
DAVID CRAWLEY
Private Secretary