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Treasury Chambers, Parliament Street, SW1P 3AG
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17 October 1988

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

Dear Secretary of State

DBS CHANNELS 4 AND 5

Your letter of 10 October proposes announcing in the Broadcasting White Paper that the remaining two DBS channels would be allocated as soon as possible given that BSB were willing to see the moratorium lifted.

Like you, I think that the opportunity to enable new programme services to be introduced more quickly - if that is what the market wants - outweighs the disadvantages of allocating the franchise under the existing legislation rather than by competitive tender. I therefore support your proposals.

I also wondered whether this would be an opportunity to give some further stimulus to subscription. I note that all but one of the contenders for the original three DBS channels envisaged a mix of advertising and subscription. Would it be possible for the IBA either to require a certain amount of subscription programming or at the very least to have regard to the amount of subscription proposed in allocating the channels? Together with the subscription element in BSB and its development on night hours BBC services, this would offer the opportunity of establishing the more varied, competitive market in subscription services that we earlier hoped to secure on the BBC and ITV night hours.

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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PM 8/8

