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The Rt. Hon. Lord Young of Graffham
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Your ref

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Dear Andrew,

SATELLITE TELEVISION

In my letter of 28 February, I promised to report to you on the progress that had been made by the end of March with Sky Television over their various requests relating to the operation of their satellite television service. Since then, you will have seen Catherine Bannister's letter of 23 March reporting on Mr Renton's meeting with Mr Andrew Neil.

On radio frequencies, DTI's aim within the next week or so is to assign to Sky enough spectrum to meet all their requests for "in-studio" uses. We have been helped in this by the agreement of the existing broadcasters to allow Sky to share frequencies which until now have been assigned to them. The position with spectrum for outside use is even tighter, as the "new" broadcasters begin to make programmes. Officials do, however, aim to propose certain frequencies to Sky within the next month in order to satisfy the company's most urgent needs, prior to a major review of the allocation of all outside broadcast links in this new environment.

As I noted in my previous letter, there are particular pressures on the 2.5 GHz band which Sky wants to use for electronic news gathering. No allocations can be made before decisions are taken on the spectrum to be used for MVDS (microwave video distribution systems) for local delivery services. Although 2.5 GHz now appears unlikely for MVDS, Sky know that they must await the local services announcement at the end of April. If the band is not used for MVDS then officials will hope to use some frequencies out of it to satisfy Sky's demands, at least in part.

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Sky continue to press to be allowed to operate their satellite links for news gathering, rather than to be obliged to go to BT, Mercury or one of the six new specialised satellite services operators. This would be a clear breach of the telecommunications duopoly policy, to which the Government has adhered since 1983, and long-standing Government commitments. We understand, however, (not from Sky) that Sky have taken up DTI's suggestion to explore how one of the six might be able to provide them with a suitable service. Mr Neil is also meeting the Director of Telecommunications next week to discuss how OFTEL can assist them.

I am copying this letter to Catherine Bannister (Home Office) and Steve Catling (Lord President's Office).

GARETH JONES
Private Secretary

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