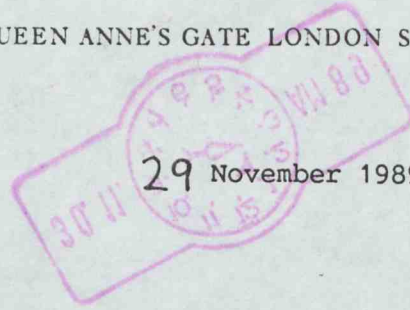




QUEEN ANNE'S GATE LONDON SW1H 9AT



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De Nick

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BROADCASTING BILL: CONTIGUITY

Thank you for your letter of 16 November in response to my minute of 9 November to the Prime Minister.

I am grateful for your support for my proposal to allow the contiguity rule to be waived in exceptional circumstances. You asked, however, whether we were perhaps being inconsistent in acknowledging that regional identity can be preserved by having two licences owned by the same company in the circumstances outlined in my minute, whilst not accepting that the same mechanism could work from the start of the franchise period.

I accept that there is an element of inconsistency here, but, as you yourself have recognised, my proposal is that the contiguity rule should be capable of being waived only as a last resort, where otherwise there would be a real danger that a licence area would receive no regional programmes at all. The ability to waive the contiguity rule in *extremis* does not in my view invalidate the general principle that contiguous licences should not be owned by the same company. As I said in my minute of 9 November, we need to leave room for manoeuvre in the event that licence areas which attracted positive bids at the bidding stage prove to be unviable later in the licence period, but without a general contiguity rule we could undermine the objective of regionality inherent in our proposals for Channel 3.

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

John G. Lewis

The Rt Hon Nicholas Ridley, MP.
Secretary of State for Trade & Industry
1-19 Victoria Street
LONDON, SW1H 0ET

Broadcasting Policy P/10

