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Treasury Chambers, Parliament Street, SW1P 3AG

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BAP
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The Rt Hon David Waddington QC MP
Secretary of State for the Home Department
Home Office
Queen Anne's Gate
LONDON SW1H 9AT

14 May 1990

Dear David

REGULATION OF BBC TRANSMISSIONS ACTIVITIES

I have seen your letter of 30 April which proposes a dividing line between transmission related activities in which the BBC should be allowed to engage and those from which it should be excluded.

I support most of your proposals and have reservations on just one point - whether the BBC should be allowed to offer site access and mast space to Channel 5 and VHF radio transmitter operators in competition with the privatised transmission company. Such competition would have to be heavily regulated to ensure the BBC was not using its publicly funded assets to compete unfairly; so the transmitter operators are unlikely to be given a significant choice of terms. And any putative gains to the licence payer from rentals would mean a corresponding reduction in the value of the IBA transmission company and thereby depress the likely privatisation proceeds, to the detriment of taxpayers. On balance I doubt whether we should let the BBC compete for this transmission business.

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

Yours ever

PETER LILLEY

Broadcasting
Policy
Pt 11