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the department for Enterprise

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*Dear David.*

## REGULATION OF BBC TRANSMISSION ACTIVITIES

Thank you for your letter of 14 June *at read* taking forward the correspondence about the limits on the transmission related activities we should allow the BBC to undertake.

I am pleased that you agree that to allow the BBC to maintain other broadcasters' equipment on BBC sites would be little short of providing a full transmission service. I am grateful also to you for offering to include the provision of Channel 5 sites, where there is a choice, in the list of non-permissible activities. I also agree in principle with your line on commercial research and development projects. We shall however have to be careful how we express such a restriction since I would not like the BBC to be excluded from collaborative research projects, such as the EUREKA 95 HDTV work, where its expertise is beneficial to the project as a whole. The main target of such a restriction must surely be contract R&D paid for by a third party, but it may be helpful for our officials to speak to the BBC to determine whether such a formulation takes into account what is actually likely to happen.

There remain two areas of uncertainty: the transmission of MF independent national radio and the extent of the BBC's project management activities for other broadcasters. I am concerned that if our deliberations extend any further there will be genuine timing difficulties over the issue of the BBC's



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Telecommunications Act Licence. May I therefore propose that, instead of talking further to the BBC about these two subjects we present them with a package which allows them to transmit the INR stations from BBC sites (since the number of sites is small and, arguable, there are some economies of scale on sites where there are other BBC services) whilst excluding them from project management for other broadcasters. I think this represents a fair, even generous, deal for the BBC so long as its transmission activities remain in the public sector.

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

*John G. ...*  
*Nicholas*



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