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10 DOWNING STREET  
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*From the Private Secretary*

10 July 1987

DBS

The Prime Minister has seen and noted without comment the Home Secretary's minute of 9 July which set out revised terms for his reply to Lord Blakenham's request for assurances on Government broadcasting policy.

I think you may take it that the Home Secretary's revised assurances may now be given, subject to the views of colleagues.

I am sending copies of this letter to the Private Secretaries to members of MISC 128 and to Trevor Woolley (Cabinet Office).

David Norgrove

Colin Miller, Esq.,  
Home Office.

A handwritten signature in blue ink, appearing to be 'D. Norgrove'.

CONFIDENTIAL

PRIME MINISTER

DBS

The Home Secretary has come back on the assurances to be given to the consortium which will be undertaking direct broadcasting by satellite.

Generally he has moved to meet your concerns. I have one point of concern. He proposes to say that the Government: "Would not consider the allocation of the additional two channels until [the consortium] have been operational for at least three years." This is ambiguous, but it could be taken to mean that the Government will not start to think about the allocation for at least three years. It would be tighter to say "..... will not allocate ....."

I have discussed this with the Home Office who tell me that they have used their form of words in a Parliamentary Answer and the consortium would certainly be concerned if now the Government appeared to go back by tightening an earlier undertaking.

Agree the proposed assurances, subject to the views of colleagues?

MT

DN

DAVID NORGROVE

9 July 1987

CONFIDENTIAL



CCBG

PRIME MINISTER

DBS

at trap

I have seen your Private Secretary's letter conveying your comments on my minute of 1 July. I was also grateful for replies from Nigel Lawson and David Young.

2. In the light of your comments I agree that I should couch my reply to Lord Blakenham in somewhat different terms. On the moratorium question I would propose to say:

"I am happy to reiterate our commitment that we would not consider the allocation of the additional two channels until BSB had been operational for at least three years. I do not feel able to go as far as to say that this step would not be taken until five years after the start of BSB's services, as you request. Given your own recent experiences, and the lead time still in prospect before your service begins, you will no doubt be the best judge of how quickly a new operator, being allocated the two additional channels three years after you start, would be able to bring his service into operation."

3. I understand and share colleagues' concern that we should say nothing to BSB which would inhibit our freedom to develop broadcasting policy towards the more competitive environment we hope to see. On the other hand it would be a pity if the BSB venture collapsed. On this point I would propose to say something on the following lines to Lord Blakenham:

"Our aim is to move towards a more competitive broadcasting market with developments occurring, wherever possible, commercially. Our manifesto said that we would follow a policy of more competition, variety and innovation in our domestic networks. We are of course still developing our policy in the wake of the Peacock Report. We shall be considering, for example, the future of subscription in the light of reaction to our Consultants' report which was recently published; and there are a number of other issues on which we will be considering changes.

We well understand the commercial risks involved in your venture, the high initial investment and the technical and commercial uncertainties. We understand, too, the vital contribution which the project may make both in terms of the development of the broadcasting services and in its

industrial and commercial implications. In considering any possible changes to the broadcasting environment we will certainly take into account the potential impact on all interested parties - DBS and cable operators, the terrestrial broadcasters and others - just as we would when considering major changes in any other area of policy"

4. BSB has planned to sign their Articles of Association and the contract with the satellite provider on 14 July. The latest contacts with my officials suggest that unless they receive a reply before then, they may delay signing. I cannot of course guarantee that the terms in which I now propose to write will persuade them to continue. But I should like if at all possible to write to them before the week-end. Accordingly I propose to write to Lord Blakenham in these terms unless any colleague indicates dissent by noon tomorrow, Friday, 10 July.

A copy of this minute goes to members of MISC 128 and to Sir Robert Armstrong.

*Douglas Hurd*

9 July 1987

BROADCASTING: DBS PT6

