



Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

6 June 1988

The Rt Hon Lord Young of Graffham
Secretary of State for Trade and Industry
1-19 Victoria Street
London SW1

TRANSFER OF TERRESTRIAL TV SERVICES TO DBS

You copied to me your recent minute to the Prime Minister on the transfer of terrestrial services to DBS. I have also seen her Private Secretary's letters in reply of 1 and 2 June.

I can see the force of the arguments you advance for extending your discussions on this proposal to the IBA. If transfer of BBC2 is conditional on a favourable response from Channel 4, substantive discussions will not initially be necessary with the BBC, but you will no doubt want to keep them in the picture. I do, however, believe that any discussions with broadcasters should be on the basis - at least in the first place - of the proposal discussed in MISC 128, in other words involving a fairly short period, set in advance, during which services would be transmitted both by satellite and terrestrially. While it is conceivable that dish penetration will increase faster than BSB expect, their own projections are far less than 50 per cent penetration by the end of their fifteen year franchise period. Unless the trigger for ending terrestrial transmission was set at a substantially lower level than your own illustrative figure, the result would be a very much longer transition period than the three years previously suggested. The major attraction of the scheme - the early availability of channels for additional terrestrial services - would then be lost.

I recognise that a longer transition period could well make the proposal more acceptable to the broadcasters. But the main concern to them would be whether Channel 4 would be viable if it were transferred to DBS. If BBC2 is not also transferred, it is not clear that a slower transition would help much, given the likely difference between the audience profiles for BSB services and for Channel 4.



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

A handwritten signature in black ink, appearing to be "Nigel Lawson", written in a cursive style.

NIGEL LAWSON

07.11.2008
11.00