



PM/89/030

PRIME MINISTER

Privatisation of the Transmission System

1. I have seen a copy of the MISC 128 paper on the Privatisation of the Transmission System which we are to discuss on Wednesday 21 June.
2. BBC World Service (WS) issues are not central to domestic transmission privatisation, but a short statement on the WS will be necessary at the time of the domestic privatisation announcement. There is no advantage in seeking to privatise the WS assets, and significant complications (including treaty difficulties over overseas relay stations). I therefore agree with Price Waterhouse's conclusion that these should remain in the public section, and that the BBC WS should be asked to propose options for the cost-effective operation of the WS system in the new domestic transmission environment. Competition and efficiency savings may be developed in the subsequent arrangements for operation of the WS assets.
3. There are likely to be increased costs to the WS in bearing the full commercial costs for operation of its transmission assets and these would have to be met through the FCO Grant-in-Aid.
4. I am copying this minute to members of MISC 128.

(GEOFFREY HOWE)

Broadway

Policy.

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