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From John W Fairclough FEng  
Chief Scientific Adviser

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CONFIDENTIAL

The Rt Hon Lord Young of Graffham  
Secretary of State  
Dept for Trade & Industry  
1 Victoria Street  
London SW1

3 July 1989

Dear Secretary of State,

INDEPENDENT BROADCASTING ENGINEERING AND R&D

Thank you for sending me a copy of your letter of 16 June to the Home Secretary about the future of the IBA's E&D Department.

I think the Home Secretary is right to suggest a transitional period before offering the E & D Department for sale. It is not just that the broadcasters will be preoccupied with short term problems in the early 1990s; rather, all the potential players in the broadcasting/telecommunication businesses are going to be in some sort of limbo, waiting to see what sort of liberalization is likely to follow the Duopoly Review. It does not therefore seem much of a "commercial world" in which to offer the assets of the E & D Department for sale in 1991. Yet the expertise these people have and their facilities may well be of great value to new entrants into the various aspects of the communication businesses of the mid-1990s, including the transmission side of broadcasting. I therefore strongly support the proposal to wait but set a deadline of 1994 for privatising the company.

It would of course be preferable not to have to force ITC licensees to invest in the company. But it may be possible to present this as an improvement on the present situation where the ITV companies meet the costs through a levy. The E & D company should in any case be set a challenge to raise revenue from other forms of contract research, so that by 1994 they would be commercially viable.

My approach to the privatisation of the transmission system is very similar. I recognise that powers need to be taken in the forthcoming Bill but hope that the options on the form that privatisation takes can be left as open as possible so that decisions can take account of the regulatory regime for telecommunications and broadcasting which emerges following the Duopoly Review, as well as the state of the available technologies at the time.

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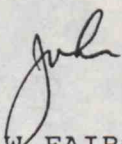
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I am sending a copy of this letter to the Prime Minister, other members of MISC 128 and to Sir Robin Butler.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'John W. Fairclough', written in a cursive style.

JOHN W FAIRCLOUGH

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