



the department for Enterprise

*celt*

The Rt. Hon. Peter Lilley MP  
Secretary of State for Trade and Industry

Rt Hon David Waddington QC MP  
Secretary of State for the  
Home Department  
Queen Anne's Gate  
LONDON  
SW1H 9AT

Department of  
Trade and Industry

1-19 Victoria Street  
London SW1H 0ET

Enquiries  
071-215 5000

Telex 8811074/5 DTHQ G  
Fax 071-222 2629

Direct line 071 215 5622  
Our ref JW11072  
Your ref  
Date 7 November 1990

*Dear David*

**BROADCASTING OWNERSHIP**

*with BP? If not, will request if required.*

Thank you for your letter of 1 November in which you propose that there should not be a bar on the ownership of contiguous Channel 3 franchises but that the definition of "large" franchises should be extended.

I am pleased that you accept the economic case for allowing the common ownership of adjacent franchises and I agree that this could prove the best way of ensuring the continued viability of some of the smallest ones.

I am less happy about your proposal to extend the definition of "large" to include the medium-sized franchise areas of Anglia, HTV and Scottish. Whilst I accept that it was earlier agreed that no-one should be allowed to own two large Channel 3 licences, I believe we should allow maximum flexibility within that limit.

The addition of Anglia, HTV and Scottish would increase the number of "large" franchises to 9 out of 15 and would actually produce a more restrictive regime than retaining the restriction on contiguous franchises. I really cannot see any reason for it, particularly as each of the three franchises in question is large and distinct enough to retain its regional identity even without the backstop of the strengthened regional requirement.

As the television market becomes increasingly competitive, it will be important for there to be an economically strong federation of Channel 3 licensees. The recent Sky/BSB announcement could well lead to satellite television becoming



Recycled Paper



the department for Enterprise

a potent competitor to the terrestrial channels much more quickly than we had previously thought. We should therefore seek to reduce the restrictions on licence holdings as far as possible consistent with our policy of maintaining a network with strong regional characteristics.

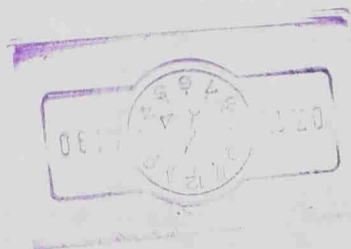
I hope therefore that you will be prepared to agree to restricting the category of "large" to the top six franchises in the interests of ensuring a strong set of Channel 3 licensees.

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

*Yours sincerely*  
*Peter*



Recycled Paper



BROADCASTING: Pg 12 Pt 12