

The Rt Hon Stephen Timms MP
Minister for Digital Britain

Our ref: SM/186515

Your ref:

Peter Luff MP
House of Commons
London
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15 March 2010

Dear Peter

Thank you for your letter of 4 March, following our recent meeting. I did indeed find the meeting useful and hope you gained a slightly better understanding of the Government's approach.

You are of course right that State Aid considerations are ultimately only relevant if they stand in the way of a course of action we would want to take; this is self-evident. It is though entirely true to say that the Government cannot simply hand out money to businesses as it sees fit, for several reasons. The State Aid rules sensibly prevent this sort of behaviour from distorting the Single Market. There are exemptions, and Governments in the EU are at all times working out how best to benefit from these exemptions, but at the very least, an apparent State Aid would necessitate a discussion with the Commission and often some delay in implementation. Equally, I think there is a broad political consensus that the Government should be prudent with taxpayers money.

We have of course considered the case for a 'like for like' compensation scheme. Save Our Sound has so far indicated that a true "like for like" scheme would not be possible as there was no market for suitable second hand equipment or equipment of comparable age. This puts us in the position of "like for like" being in effect "new for old". In other words, the public purse would be providing for new equipment with no regard for the value or useful life of the equipment being replaced.

At this point, it is sensible to look at how we can best ensure users are neither better nor worse off, what sort of precedent a compensation scheme would set, and whether it would be lawful. Ultimately all three of these factors need to be answered satisfactorily.

With regard to retuning, my officials will of course be happy to receive data from Save our Sound supporting arguments for and against retuning.

I am hopeful we will have an announcement for PMSE users shortly.

Yours sincerely,



STEPHEN TIMMS