



ccpu

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

26 October 1988

The Rt Hon Douglas Hurd CBE MP  
Secretary of State  
for Home Affairs  
Queen Anne's Gate  
LONDON SW1H 9AT

A handwritten signature in dark ink, appearing to read 'John Major'.

**COMMUNITY RADIO**

Your letter of 11 October proposed that 20 contracts for community radio be let in areas already served by ILR contractors. There are however two points which cause me some concern.

First, the IBA propose that the "extra contracts" should run to 1994 with provision for a switch to the new Radio Authority regime once the necessary legislation is in place. Six year contracts would preserve this essentially interim arrangement for a considerable time. My preference would be for much shorter contracts, say two or three years which would bridge the gap to the new regime.

Second, you propose that the new community radio stations should be charged fees over and above the cost of regulating them. I support the principle of charging for the use of scarce spectrum. But you propose that these fees should be used to reduce the rentals paid by the independent local radio station already operating in the area. There must be a risk that this arrangement will mean that existing radio stations are willing to pay substantial fees to capture the new contracts, so limiting the amount of new competition between radio stations. I would be content to see 5 or 6 contracts awarded to existing stations and subcontracted as you propose. But I hope the IBA would award a majority of the new contracts to new radio stations.

I note that you propose to encourage the IBA not to select stations dependent on local authority finance. This aim needs to be achieved to avoid unfair competition at the expense of the taxpayer.

CONFIDENTIAL

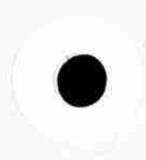


I am copying this letter to the members of MISC 128,  
Geoffrey Howe, and Sir Robin Butler.

A handwritten signature in black ink, appearing to read "Nigel Lawson".

NIGEL LAWSON

BROADCASTING: Legislation PT3



27.11  
PMBB