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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon David Waddington QC MP
Home Secretary
Home Office
50 Queen Anne's Gate
London
SW1H 9AT

21st May 1990

Dear David

file with BP

BROADCASTING BILL: PERFORMANCE BONDS

Thank you for your letter of 3 May. I have also seen Eric Forth's letter of 10 May and the Prime Minister's comments of 11 May.

2 I am content with your proposal. However it will create a new incentive for licensees to arrange their affairs so that a company holding a Channel 3 licence can go bankrupt to avoid paying any termination fine, while related companies continue to trade. The effect would be to weaken the ITC's ability to enforce licence conditions, including the annual payments to the Exchequer promised at the auction. You may wish to consider reducing the scope for such potential evasion - for example by ensuring termination fines can be collected from holding companies, or directors, of licensees.

3 I am copying this letter to MISC 128 colleagues and to Sir Robin Butler.

NORMAN LAMONT

BROADCASTING: Policy Pt 11

