



Post and 2
Telecomms.
Prime Minister
This supports Srikanta's
proposals (you have
already approved)

Treasury Chambers, Parliament Street, SW1P 3AG
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19/7

PRIME MINISTER

FUTURE OF THE POST OFFICE

2/1

Plan A

The Secretary of State for Industry sent me a copy of his minute to you of 13th July.

2. Given his assurance that there will be no increased public expenditure, and the prospect of substantial economies in the medium term, I welcome the proposal to announce the split of the Post Office into two.

3. I also support the proposal that there should be consultations about the curtailment of the telecommunications monopoly. It will be important in these consultations to take into account the need to plan the transition so as to minimise import penetration. I should also like the Department to satisfy itself that the change will lead to no adverse effects on Post Office finances which could increase their borrowing requirement.

4. I agree that the Monopolies and Mergers Commission should examine the efficiency of the Post Office. However, if this is to be effective it is essential that the terms of reference should be carefully drawn and a deadline set. Otherwise, with an organisation as large as the Post Office, there is a serious risk that the Commission will produce something too vague and too late to be of use. I understand that the Department of Industry are now discussing with the Department of Trade the ability of the Commission to take on this task

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and with the Post Office what might be the terms of reference. I should be grateful if my officials could then be given an opportunity to comment on the proposals before they are finalised.

5. In the meantime, I think it is important that any public statements - for example, in the Second Reading Debate on the Competition Bill - about examination of the Post Office, or any other nationalised industry, should make it clear that the precise terms of reference will be announced later.

6. I am sending copies of this minute to the Secretary of State for Industry, the Foreign and Commonwealth Secretary, the Home Secretary, the Secretary of State for Employment, the Chancellor of the Duchy, the Secretary of State for Trade and to Sir John Hunt.

G.H.

(G.H.)

19 July, 1979

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