



Treasury Chambers, Parliament Street, SW1P 3AG  
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PRIME MINISTER

BNOC ANNOUNCEMENT

David Howell has sent me a copy of his minute of 2 October to you in which he seeks approval for the draft of a statement on our proposals for BNOC which would be included in his reply to the debate on Energy at the Party Conference on Thursday morning.

2. I fully agree that David should give full prominence in his speech to our proposals. There is an important and positive political message to be conveyed here which reflects a fundamental plank in our philosophy. But I do believe that the passages in the draft announcement on the powers for equity participation in BNOC's business go beyond the proposals David made in E(80)95 which were agreed by the Committee on 10 September (E(80)32nd Meeting, Item 2). In paragraph 10 of his paper to the Committee David made clear that he had no present plans for the issue of equity shares in BNOC's upstream operations and indeed he sought no decision from the Committee on the use of those powers (see the reference in line 4 of paragraph 10 to "... if we so decide"). The draft announcement assumes that Ministers have already decided to use the equity powers and it is just a question of when they will be used. I think the announcement ought to reflect more directly the agreement in E, particularly since some colleagues found difficulty earlier this year with the proposals which David made, and I supported, for substantial equity participation by the public in BNOC with control passing to the private sector.

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3. I attach a revised draft of the announcement which I hope accurately reflects what we have agreed and which I suggest David should use in his speech.

4. I am sending a copy of this minute to David and to Sir Robert Armstrong.

*Obviously I am not wedded to the  
phrase words of my draft - which is meant to show  
a way to meet my point*

(G.H)

3 October 1980

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BNOC: PROPOSED ANNOUNCEMENT

In my earlier public announcement about the future of ENOC I stated our intention to ensure that the British public were afforded the fullest possible opportunity to share the benefits of the nation's oil wealth. At the same time we must maintain the arrangements we now have for maximising our security of oil supply.

2. Today I am able to announce further details of our plans for BNOC.

3. I will be proposing to Parliament that the forthcoming legislation on the future of BNOC should contain powers to enable the public to be given the opportunity to take an equity stake in the Corporation's North Sea business. The decision on any use of those powers is for the future. And I warn the Conference now that it would be a Promethean task to unravel the labyrinthine arrangements that our predecessors left. But it is a task to which we will give the closest attention in the period ahead.

4. Even if these new powers are used to sell equity to the investing public and the people through their pensions and insurance funds, the sale would not necessarily touch the wider millions of families, whose oil this is and who, we are determined, should form part of the capital-owning democracy. Ours, after all, is the party of genuine public ownership.

5. Therefore, we also plan to offer the public opportunity for a direct share in the benefits of the North Sea. We

will do this through the creation of a revenue bond scheme linked to BNOC's commercial fortunes and performance. Members of the public who buy these bonds will be entitled to interest payments linked directly to the revenues from specified BNOC fields. The return to the holders will thus be dictated by the level of BNOC's oil production and by the price of oil. And savers will be able to buy these bonds in small denominations, and to encash them at any time.

6. This will be a first opportunity for the British public on a very wide scale to share in the risks and rewards of one of Britain's newest and most exciting enterprises; and the bonds which we propose to create in this way will provide a unique investment medium for the small saver.