



Prime Minister

Content?

AT 22/2

Yes not

OVERSEAS DEVELOPMENT ADMINISTRATION

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From the Minister

22 February 1984

Tim Flesher Esq  
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Whitehall  
LONDON SW1

Mr. Flesher.

ODA  
inform of Pms  
approval by phone  
AT 23/2

A.S.C. 23/2

Dear Tim,

CROWN AGENTS : STATEMENT TO THE HOUSE OF COMMONS

As we discussed earlier today and following the discussion in OD, Mr Raison wishes to announce the Government's decision on the future of the Crown Agents to Parliament as soon as possible in order to avoid the news being leaked.

He would like, therefore, to make a Statement to the House of Commons tomorrow afternoon, Thursday 23 February, and thinks the Statement should also be offered to the Opposition in the House of Lords.

... I attach a draft of his proposed statement.

I am copying this to the Private Secretaries to the Lord Privy Seal (Mr Heyhoe), the Chief Whip (Mr MacLean), the Chief Whip, Lords (Mr A Dyer), the Lord President (Miss J Lewis-Jones), the Secretary of State for Foreign and Commonwealth Affairs (Mr Ricketts), the Secretary of the Cabinet (Mr Hatfield), the Baroness Young (Mr Eldon) and to the Chief Press Secretary (Mr Ingham).

Sincerely,

Michael C McCulloch

(Michael C McCulloch)  
Private Secretary



## DRAFT STATEMENT ON CROWN AGENTS

## REORGANISATION WITH A VIEW TO PRIVATISATION

Mr Speaker, with permission I should like to make a Statement on the future of the Crown Agents.

Last summer the Government of Brunei terminated its contract with the Crown Agents for Oversea Governments and Administrations for the management of its investments. This resulted in significant loss of income to the Crown Agents, amounting to up to £4 million in a full year, so that action became necessary to enable them to meet their financial duties under the Crown Agents Act 1979.

The Board of Crown Agents accordingly submitted to Government proposals for reorganisation and improvement of the efficiency of the business, designed to enable them to achieve financial viability not later than 1986. Those proposals included the reduction of staff from about 1,200 to under 900, changes in terms of service to enable them to provide services competitively, and the sale of their principal offices at 4 Millbank, which would make possible the reduction of the commencing capital debt from its current level of £19.8 million to £9 million.

The Government has taken the opportunity to undertake a thorough review of the future of the Crown Agents and the need for their continued existence in their present form. In undertaking this, we have had regard to the Government's policy to reduce the size of the public sector, to the services which the Crown Agents provide for developing countries and to their value to Britain's own interests.

On the basis of this review I expect Crown Agents to be fully profitable by not later than 1986.

/After very careful



After very careful consideration of this and other factors and of the representations made to me, we have decided broadly to endorse the proposals of the Board of Crown Agents for their reorganisation with a view to their privatisation in due course. The timing and method of privatisation will be settled later. Pending the necessary legislation, the Board will set in train appropriate measures of internal reorganisation in order to facilitate privatisation.

To facilitate the financing of this reorganisation, it is the Government's intention to waive in full under Section 17(4) of the Crown Agents Act 1979 the interest due on the commencing capital debt in 1984 and to seek Parliamentary approval under Section 17(10) for any waiver necessary in 1985 and 1986.

I believe that this decision will enable the Crown Agents, under their vigorous Chairman, Mr Peter Graham, to continue to serve successfully both Britain and the developing world.