

CCBG

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
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From the Minister

The Rt Hon Richard Luce MP
Minister of State
Privy Council Office
Great George Street
London SW1

11 August 1986

NGM.

Richard Luce

PRIVATISATION AND QUANGOS

Thank you for copying to me your letter to Nicholas Ridley of 15 July, and your minute to the Prime Minister of 18 July. I have also seen a copy of the letter of 4 August from the Prime Minister's office.

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I fully support the policy of keeping the number of NDPBs at a minimum and the need to consider proposals for setting up new ones at an early stage. However, I also agree that their creation may be an essential side effect of privatisation. The number of NDPBs we need, while of course they should be kept to a minimum, will inevitably be affected by the range of advice which is needed and the number of privatised bodies.

The privatisation of water authorities on the lines of the White Paper (Cmd 9734) is a particularly sensitive issue in relation to their regulatory functions, not least as regards fisheries. It is clear, therefore, that advisory committees would be necessary. Moreover, as Nicholas Ridley has already pointed out, there are 10 water authorities, each independent of the others, so the number of NDPBs which may be needed will for that reason alone be greater than would be needed for a single, national body on the lines of British Gas. The water authorities also raise the further aspect of the need for outside advice because they each have a very broad range of duties placed on them by statute, many of which require independent oversight. We may therefore have to accept that each WSPLC will have several NDPBs, and that the creation of multi-purpose NDPBs with conflicting objectives, simply to keep the numbers down, would be unlikely to carry any conviction in the House or in the country. But clearly we must examine the possibilities

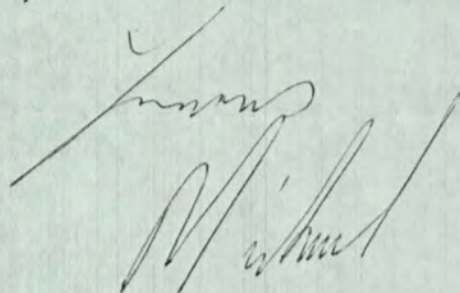
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QUANGOS : GOV. MACTH. Pt 4.

carefully. The longer time-table for privatisation to which we are now working allows us to do this and will allow colleagues to consider the arguments for each set of water industry NDPBs before final decisions are taken. I hope you will agree that that is the way to approach this problem.

I should add that I would not myself argue that "privatisation quangos" should be considered differently from other quangos, as you suggested in your letter of 18 July. Surely the need for any quango should be assessed on whether the task can only be met efficiently and cost effectively via that route.

I am copying my letter to Cabinet colleagues and Sir Robert Armstrong.



MICHAEL JOPLING

