

~~Edward G. ...~~

~~David Wolfson~~
R. Byler

10 DOWNING STREET

(F) SPRAY
OPPENHEIM 24 Jan, 60

Dear Mr. Brown.

I enclose two letters
on nationalised industry financing
which the Prime Minister has
done so far time to time.
Contrary to what I told you
on the telephone, the figures
for "external finance" include
a small amount of non-government
funding - e.g. overseas borrowing by
the electricity industry. But the

much - quoted from of £450 m
in 1980/81
for RSC / entirely comprises
government funding.

I think it is best
to focus on the loss figures -
the RSC loss of £324 million
estimated for 1989/90 works out
at roughly £1,800 per steel-
worker.

over way.

Tim Lambert.



H. M. TREASURY

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16 November 1979

NATIONALISED INDUSTRIES EXTERNAL FINANCING REQUIREMENT

In a written answer the Chief Secretary to the Treasury, The Rt Hon John Biffen, MP, today announced the limits to be set on the external financing of the nationalised industries for the financial year 1980/81.

The limits are as follows:

Nationalised Industries' External Financing Limits 1980-81⁽¹⁾

	£m
National Coal Board	834
Electricity Council and Boards	187
North of Scotland Hydroelectric Board	59
South of Scotland Electricity Board	73
British Gas Corporation	- 400
British National Oil Corporation	101
British Steel Corporation	450
Post Office	65 ⁽²⁾
British Airways Board	230
British Airports Authority	20
British Railways Board	750
British Transport Docks Board	- 10
British Waterways Board	30
National Freight Corporation	24
National Bus Company	85
Scottish Transport Group	9
British Shipbuilders	120

Notes:

(1) No figure is included for British Aerospace in view of the prospect of selling shares in a successor company in 1980/81. In the case of British Airways and the National Freight Corporation limits have been set in view of the uncertainty about the timing of the proposed sales. As in the past, the forecast shown for BNOC does not represent a limit.

(2) The limit for the Post Office is set before taking account of the expected inflow of funds in 1980/81, resulting from delayed billing following the recent industrial action by computer operators, and will be adjusted when the inflow is known accurately.

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172/79

NATIONALISED INDUSTRIES

£m at outturn prices

	1975/76	1976/77	1977/78	1978/79	1979/80	
<u>Total External Finance</u>						
National Coal Board	340	316	328	604	607	←
Electricity Council and Boards	382	69	23	-102	- 68	
British Gas Corporation	184	-204	-495	-429	-450	
British Steel Corporation	654	946	806	752	700	←
Post Office	310	216	-138	- 72	150	
British Airways Board	71	17	87	66	172	
British Railways Board	582	501	532	620	713	←
<u>Profit (Loss)</u>	1975/76 ¹	1976/77 ¹	1977/78 ¹	1978/79 ¹	1979/80 ²	
National Coal Board ⁵	(27.1)	(27.3)	(54.6)	(191.4)	(273)	←
Electricity Council and Boards	8.5	206.5	132.8 ³	251.4 ³	188 ³	
British Gas Corporation	25.1	31.5 ³	103.9 ³	172.3 ³	395 ³	
British Steel Corporation	(255)	(95)	(443)	(309)	(324)	←
Post Office	147.8 ³	290.6 ³	367.3 ³	375.1 ³	213 ³	
British Airways Board	(16.3)	35.1	32.5	77.3	20	
British Railways Board ^{4&5}	(327.6)	(333.7)	(347.4)	(443.3)	(662)	←

(1) Post depreciation, interest, tax etc.

(2) Estimated outturn - post interest and depreciation but pre-tax.

(3) After supplementary depreciation

(4) Calendar year figures

(5) After deducting grants