

Eggar

3rd December 1981

Thank you so much for your letter of 2nd December, which was written following your meeting with the Prime Minister yesterday.

Of course it is quite alright for you to defer putting down your Question for Written Answer until a little later in the month.

I was most interested in the point which you made to the Prime Minister, and what is much more important, so was she.

IAN GOW

Tim Eggar Esq MP

From: Tim Eggan M.P. 1.

Wednesday

Dear Ian,

It was very good of the Prime Minister to spare time to chat to us to-day.

You may remember that I brought up the Facilities Agreement which deals with time off for 'stuff side work'.

The Prime Minister suggested that I might put down a question to her. I would, if I may, like to delay doing that for a few days. I have talked to Barney about it and he is making informal inquiries; I am

abroad all next week and would like  
to be around for the reply.

A study was done in the departments  
of Trade and Industry. They employ almost  
16,000 staff.

17 staff are engaged full time on  
staff side work.

12 are engaged ~~full time~~ more than half time.  
The above costs £240,000 p.a! 500 staff  
are claiming 'facility time' of less than 50%.  
There is no cost estimate for this.

The general estimate across the civil  
service is 1 full time staff member per 1,000  
staff employed. In the clearing banks I understand  
that the ratio is 1:8000.

Something appears to be wrong somewhere.  
I gather that the more moderate union members  
are worried about the power being handed to  
the extremists (who are prepared to concentrate action)

I gather that the report giving these details is in the hands of the unions - although it ~~has~~ only been given limited circulation.

Yours,

V. —.

From: F. W. Eggar M.P.

Eggar



HOUSE OF COMMONS  
LONDON SW1A 0AA

Monday

Dear Ian,

Thank you for your note. I would be honoured to have a drink with the Prime Minister at 7.30 p.m. on Wednesday.

I hope that she will understand if I slip away at 7.50 p.m. - I have the Annual Dinner of my Businessmen's Lunden Club on Wednesday. Since they raised, without knowing it, £2,800 for the Association last year I feel I really should be there for the start of the dinner. If you feel that that is not appropriate I will, of course, arrange for my apologies to be given.

Yours,

F. W.

11/11

Tim Eggar

6th November 1981

Thank you so much for your letter of 5th November.

I read, with warm approval, the Bow Group's paper which you and Jocelyn Cadbury wrote.

Would you be able to come and have a drink with the Prime Minister at her room in the House at 7.30 p.m. on Wednesday, 11th November?

Ian Gow  
Parliamentary Private Secretary

Tim Eggar Esq MP

From: Tim Eggar M.P.



HOUSE OF COMMONS  
LONDON SW1A 0AA

Thursday

Dear Ian,

I was delighted to hear the Prime Minister quoting from 'Changing Gear' yesterday. Not so much because of the selection of pamphlet but because of the selection of the quote!

I understand that the idea emanated from the Bow Paper Forelyn and Cusick.

I am having the nerve to enclose a copy of the pamphlet in the hope that, even at this last stage, we may see some of the more radical proposals incorporated into the forthcoming bill! I try!

Yours

T —

V.S. I was appalled to hear from my father, .  
who is a governor at Sandroyd, that your  
sons are off to Marlborough. I gather your  
letter re. the late headmaster went down  
very well.



# A Bow Paper

## British Gas: A Prospectus

Tim Eggar, MP  
Jocelyn Cadbury, MP  
David Shaw

### SUMMARY AND RECOMMENDATIONS

The British Gas Corporation (BGC) has long been regarded as the one jewel in the nationalised industries' tawdry crown. Its image as a profitable and successful enterprise has shielded it from criticism and political attention. We applaud profit and success. Yet British Gas' profit record is not based on its efficiency or competitive ability, but rather on privileged and monopolistic access to cheap North Sea gas supplies.

Monopolies tend to be inefficient and British Gas is no exception. In this, as in other fields, the old structure of the nationalised industry has been tried and found wanting.

A radical approach is necessary. It is no good just nibbling at the edges of the problem. British Gas should be stripped of all its monopoly powers. Gas should be permitted to find its economic price level and a monopoly levy imposed. Only in this way can the British gas consumer be ensured that North Sea Gas is distributed at the lowest possible cost and the British taxpayer be sure of collecting the economic rent from North Sea gas fields.

Government is an uneasy and inappropriate shareholder. Ownership of British Gas should be handed to the British public by giving shares in the corporation to the people. Public accountability will be increased; ownership will be spread to all citizens over 18; and the need for profit will be recognised more widely.

We have ten major recommendations to make:

- 1) Britain should pursue policies designed to raise the rate of exploration for new gas reserves in the North Sea to the highest possible level. BGC should retain its right to explore for oil and gas, although BGC's existing oil interests should be sold off.
- 2) BGC's monopoly purchase right has discouraged exploration and should be broken. The right to purchase gas from U.K. waters should be open to any independent buyer.
- 3) BGC's distribution monopoly system should be removed. This will have little effect on the existing distribution system but in new extensions of the pipeline system private enterprise companies can and should be involved.
- 4) The Government should encourage the construction of an international pipeline running from the Norwegian fields to the U.K. and thence to the Continent.
- 5) The price of domestic gas should be linked to the price of oil, and to 'gas' oil (domestic heating oil) in particular.
- 6) To avoid discouraging gas producers in the smaller gas fields, greater flexibility should be introduced into the tax rules. The Government should therefore initiate discussions with the industry in order to reach agreement on the tax structure for gas fields.
- 7) While the price mechanism must provide the main incentive to conserve gas, BGC should make further efforts to encourage conservation by, for example, providing an energy audit service for domestic consumers.
- 8) The proposed monopoly levy should be 80% of the windfall profits British Gas makes on the gas it obtains from the southern North Sea. The proceeds from the monopoly levy would fund the scheme announced by the Government to help the elderly, the sick and the poor with their fuel bills. The levy should also be used to reduce industry's share of national insurance contributions.
- 9) The marketing and selling of gas appliances should be opened up. Gas showrooms should be sold off to private enterprise. Private contractors should be encouraged to carry out the servicing of domestic gas appliances on a much wider scale than at present.
- 10) The Government should organise a free issue of BGC shares to the nation.

The views expressed in this paper are those of the authors. They do not represent a collective view of the Bow Group, nor do they represent a statement of the view either of the Conservative Party or of the Government. Bow Papers are published as containing arguments which merit consideration by the Conservative Party and by a wider audience.