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PRIVY COUNCIL OFFICE
WHITEHALL LONDON SW1A 2AT

4 April 1984

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13/4*

Dear Quinton

LEGISLATIVE PROGRAMME 1985/86

At its meeting on 1 March (CC(84)8th Conclusions, minute 5), Cabinet invited The Queen's Speeches and Future Legislation Committee to select a further two Bills (ie additional to Trustee Savings Bank and Rents Bills) for a firm place in the legislative programme for 1985/86. The purpose of this letter is to invite you and other colleagues in charge of Departments to let me have any bids for these places by Wednesday 18 April.

The main exercise for 1985/86 will take place later in the year. The purpose of the present round is to select now two particularly significant Bills which require considerable preparation and time for drafting so that resources can be committed to these Bills from now on with confidence that they will not be wasted. The intention is that Instructions for Counsel on these Bills should be ready by January 1985. Because there are only two places available, I suggest that colleagues should limit themselves to not more than one bid each; this may of course be for a Bill that has failed to find a place in 1984/85 or for a Bill which colleagues have always had in mind for the later Session. I would be grateful if colleagues making bids could support them with information on the main content of the Bill, any points on its importance and controversiality, probable financial or manpower implication, its probable length, and when policy decisions will be sought (bearing in mind, as I have said, that instructions should be with Parliamentary Counsel no later than January 1985). There is no need for the Ministers concerned to bid again for the Trustees Savings Bank or Rents Bills.

I am copying this letter to Ministers in charge of departments, other members of QL, Sir George Engle and Sir Robert Armstrong.

*M. R.
L. H.*

The Rt Hon Lord Hailsham of St Marylebone CH

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The Rt Hon Viscount Whitelaw CH MC
 Lord President of the Council
 Privy Council Offices
 Whitehall
 LONDON SW1A 2AT

12 April 1984

M. Walker
 LEGISLATIVE PROGRAMME 1985/86 *attached*

I refer to your letter of 4 April to the Lord Chancellor inviting bids for two further Bills for a firm place in the 1985/86 Legislative Programme. Your wish was that these should be Bills on which Instructions for Counsel should be ready by January.

You will recall that in order to make room for other legislation I accepted at QL on 7 February that my Petroleum Bill could not secure a place in 1984/85. I explained however that it would be essential to legislate no later than the following Session, and the Committee agreed that I might undertake consultations with the oil industry on the basis that there would be legislation, not in the 1984/85 programme, but thereafter.

It may be that you are already budgeting for the inclusion of the Petroleum Bill in the 1985/86 Session, but in case that is not so I would like to put it forward in response to your enquiry.

I attach the information about this Bill sought in your letter, together with a copy of the material on it originally submitted to QL. It is my intention to secure policy agreement on the main provisions of the Bill well before the end of this year so that Instructions for Counsel could indeed be ready by January 1985. Work on the preparation of the Bill is already in progress so that it can be ready for early introduction in the 1985/86 Session and it remains my view that it would be damaging, and would risk loss to the Exchequer, to defer it beyond this.

I am copying this letter to the recipients of yours.

Peter Walker
 PETER WALKER



PETROLEUM BILL

This Bill would contain a range of measures relating to the control of oil and gas development on the UK Continental Shelf, the need for which has built up over a period. It is an essential part of the Government's policy of encouraging maximum development of the oil and gas resources of the Continental Shelf that operators should be given as much certainty as possible about the framework within which they function and that the legislative controls should be promptly adjusted to changing circumstances.

The need for certainty applies particularly to such matters as the regime for dismantling oil and gas installations and for field abandonment, and associated tax treatment. There are also risks that the deficiencies in the royalties regime which the Bill would remedy may be exploited by some in the industry, and the gap in control powers for Northern Ireland territorial waters ought to be remedied.

Most of the Bill would be technical rather than politically controversial but parts of it could give rise to controversy.

NUMBER & TITLE: PURPOSE.	DEPT	POLITICAL ASPECTS	LENGTH; TIMING; PARL. PROCEDURE	FINANCIAL; MANPOWER; EC IMPLICATIONS	STATE OF READINESS
<p><u>Number 1</u></p> <p><u>Title</u> Petroleum Bill</p> <p><u>Purpose:</u></p> <p><u>Royalties</u></p> <p>a. to apply to royalty payments amendments to the PRT valuation rules</p> <p>b. to put royalty payments on a cumulative basis (particularly in relation to abandonment costs)</p> <p><u>Licensing regime</u></p> <p>c. to impose a duty on licensees to dismantle oil/gas installations unless SoS agrees otherwise, plus power for SoS to make regulations and to set standards (and penalties) relating to abandonment, and to approve plans for abandonment of individual oil and gas fields</p>	<p>D/En</p>	<p>No public commitments made. Official opposition likely to oppose pipeline privatisation (j) and landed interests may oppose. (d) and (e) to be negotiated with Manx Government, though Home Office has already advised them that changes will be made. (f) may attract some critical comment from Irish Republic</p>	<p><u>Length:</u> Medium/substantial (20-30 clauses)</p> <p><u>Timing</u> Royal Assent desirable before end of 1984/85 Session</p> <p><u>Procedure</u> Not suitable for introduction in the Lords</p>	<p>Financial effects:</p> <p>a. little effect until late 1980s. Thereafter some (unquantifiable) increase in royalty receipts</p> <p>b. little effect until late 1980s. Thereafter substantial (but unquantifiable) increase in royalty payments</p> <p>d & e. minor effects, but no increase over share which would have been paid if royalties had not been abolished for these fields.</p> <p>g. licence fees payable under these proposals would accrue to the Consolidated Fund</p>	<p>Policy clearance for all provisions except pipeline privatisation (j) by end May 1984.</p> <p>(j) Studies in progress to determine need for legislation: Policy clearance September/October 1984</p> <p>Introduction by December 1984 if legislation on (j) is needed</p>

CATEGORY OF BILL: PROGRAMME

PROPOSED GOVERNMENT BILLS 1984/85

NUMBER AND TITLE; PURPOSE	DEPT	POLITICAL ASPECTS	LENGTH; TIMING; PARL. PROCEDURE	FINANCIAL; MANPOWER; EC IMPLICATIONS	STATE OF READINESS
<p>d. (possibly) to change arrangements to share licence revenue with N. Ireland and Isle of Man consequent on the abolition of royalties on relevant new fields</p> <p>e. to revise S 19(2) of the Petroleum and Submarine Pipe-Lines Act to permit IR to disclose to D/En information about tax valuation of production from relevant new fields - information needed for the assessment of notional royalties.</p> <p>f. to adjust regime of petroleum licensing in UK territorial waters adjacent to Northern Ireland.</p> <p>g. to amend model clauses in licenses to enable SoS to set metering standards in respect of separate fields in the same licensed area</p>				<p>MANPOWER: Small manpower savings in D/Energy and BNOG from privatisation of pipeline and storage system (j)</p> <p>No EC implications</p>	

CATEGORY OF BILL: PROGRAMME

PROPOSED GOVERNMENT BILLS 1984/85

NUMBER AND TITLE; PURPOSE	DEPT	POLITICAL ASPECTS	LENGTH; TIMING; PARL. PROCEDURE	FINANCIAL; MANPOWER; EC IMPLICATIONS	STATE OF READINESS
<p><u>Offshore Gas Storage</u></p> <p>h. to bring licensing of off-shore storage of gas under the control of the SoS</p> <p>i. to exempt BGC from notifying short lengths of high pressure pipe-line under S15 of the Oil and Gas (Enterprise) Act 1982</p> <p><u>Privatisation</u></p> <p>j. to privatise Government Pipeline and Storage System</p> <p>(Details dependent on further studies)</p>					



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