

SUBJECT

FILE
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bc DOE (S/S) - da
HMT (Ch/Ex) -
DOE (Lord Bellwin)
Mr. Mount



10 DOWNING STREET

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From the Private Secretary

4 March 1983

Dear Joan,

Sewerage and the Water Bill

The Prime Minister had a discussion this afternoon with your Minister about the Water Bill, future sewerage arrangements, and the amendment to the Bill which is proposed to be introduced in the House of Lords on Tuesday.

The Prime Minister said that she was opposed to this amendment, since its effect would be to make it easier for Water Authorities to take over sewerage work, together with the associated manpower, now done by local authorities. This would increase the monopoly power of Water Authorities, and might have disastrous effects on the pay of water workers and thus on the pay scene generally. The Prime Minister noted that in the recent strike there had been no strike by sewerage workers employed by Local Authorities, and that this had been an important factor in prolonging endurance during the strike. The conclusion of the Monopolies and Mergers Commission had been that no change in the law was required, but that the Department of the Environment should supervise these arrangements so as to improve their efficiency.

After discussion, your Minister said that the water strike had created a new situation which brought into question the change in the law which had been proposed. He would look again at this matter, and at the thrust of the Monopolies and Mergers Commission's report. The Prime Minister said that if, on reflection, he still inclined to pursue the amendments in the form in which they had been tabled she would wish to discuss the matter on Monday with your Minister together with the Secretary of State and Lord Bellwin.

I am sending a copy of this letter to John Gieve (Chief Secretary's Office).

Yours sincerely,

Michael Scholar

Mrs. Joan Dunn,
Department of the Environment.

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