

NATIONALISED INDUSTRIES BILL

The Bill is to be welcomed. It will strengthen government powers to allow privatisation, improve audit requirements, simplify the legislative provisions and financial obligations imposed on nationalised industries, strengthen the powers for dismissal and compensation of board members, and enable the clawback of surplus funds generated by the industries.

Value-for-money audits. If the power to request these audits is left out of the Bill, there will be attempts to put some similar power - probably drafted in a less satisfactory way from the Government's point of view - into the legislation on the floor of the House.

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Privatisation

We should test the strength of the Clauses allowing piecemeal privatisation. They should be strong enough to be able to carry out most of the gas privatisation we wish to do, without recourse to main gas legislation.

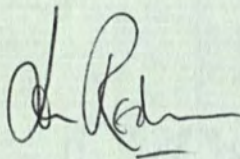
Our only minor quibble with the proposals is with the judgment that it is a good idea both to preserve an overall break-even duty, and to give Secretaries of State statutory

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powers which enable a loss-making industry to hit the target. In addition, Secretaries of State will be able to set some other kind of financial target.

In practice, financial targets and obligations are going to be set by Secretaries of State, and it might be better just to have the single power that Secretaries of State set appropriate targets. The break-even duty is a traditional feature of the nationalised industry landscape, but has been ignored and violated more often than not.



JOHN REDWOOD