

Ref. A085/1243

PRIME MINISTER

Gas Industry Privatisation
(C(85) 10)

BACKGROUND

FLAGA At its meeting on 25 April (E(A)(85) 9th Meeting, Item 2),
E(A) agreed:

- a. that a decision to privatise the gas industry was for Cabinet;
 - b. that QL should consider the implications for the legislative programme of proceedings;
 - c. that, subject to the views of Cabinet, the Secretary of State for Energy should bring specific proposals on the major issues, including regulation, the continuing obligations and responsibilities of the privatised industry, and gas imports and exports, to E(A) within a month.
2. The Lord President of the Council's report (C(85) 11) of the QL discussion on 30 April is to be discussed as the next item. It suggests that, if gas privatisation goes ahead, the Nationalised Industries (NI) Bill and the Northern Ireland (Emergency Provisions) Bill should be dropped from the 1985/86 session.

MAIN ISSUES

3. C(85) 10 is virtually identical to E(A)(85) 24. (The only substantive change is the addition of the final sentence,
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offering a report to E(A) on regulation, but not the other issues listed in paragraph 1c. above.) The brief of 24 April for E(A) is therefore still relevant. Paragraphs 6-12 list some of the many major issues which need to be addressed if the gas industry is to be successfully privatised.

4. If the Cabinet, like E(A), are sympathetic in principle to gas privatisation but are concerned about the need to resolve any important questions of detail, the main issue is likely to be whether:

a. the Secretary of State for Energy should go ahead with an early announcement of the Government's intentions in general terms, or

b. any announcement should wait until after detailed proposals have been considered by E(A) in mid to late May.

HANDLING

5. You will wish to ask the Secretary of State for Energy to introduce his paper. Bearing in mind the pressure on the Cabinet agenda you will not wish to duplicate the E(A) discussion; it may therefore be best simply to invite comments from those who did not take part in that discussion.

CONCLUSIONS

6. You will wish Cabinet to reach conclusions on:

i. whether to privatise BGC in the present Parliament;

ii. if so, whether this should be either:

a. broadly along the lines and on the timetable proposed in C(85) 10; or



- b. on some other basis;
- iii. the timing, and broad content, of any announcements.

Robert Armstrong
(agreed by
ROBERT ARMSTRONG
and signed in his absence)

1 May 1985

CONQUEROR