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Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Peter Walker MBE MP
Secretary of State for Energy
Department of Energy
Thames House South
Millbank
London
SW1P 4QJ

8 May 1985

Dear Secretary of State

NATIONALISED INDUSTRIES LEGISLATION

In the light of the decisions which we took at E(NI)(85) 1st Meeting, I will be seeing representatives of the Nationalised Industries' Chairmen's Group shortly in order to complete the preliminary consultations that I have been conducting on the proposed nationalised industries legislation. I thought it right in advance of that meeting to take Sir Robert Haslam into my confidence about the decision not to legislate in 1985-86. I enclose a copy of a letter that I sent him last night.

However, we must of course inform Parliament as quickly as possible of our decision not to proceed with legislation in 1985-86. My discussions with the NICG may provoke speculation which is anyway beginning in some quarters. I therefore propose to make the following brief announcement by Written Answer before the end of this week. I would be grateful if you and other members of E(NI) to whom I am copying this letter would let me know by noon tomorrow, Thursday 9 May, if you have any objections to the following Question and Answer:

"To ask the Chancellor of the Exchequer what steps he proposes to take in the light of comments he has received on the consultation note on nationalised industries legislation issued on 20 December 1984.

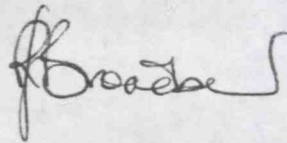
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Comments on the consultative document issued last December are being carefully considered and discussions with the industries are continuing. The Government does not intend to propose general nationalised industry legislation in the 1985-86 Session".

I am copying this letter to the Prime Minister, members of E(NI), Willie Whitelaw, John Biffen, John Wakeham and Sir Robert Armstrong.

Yours sincerely



for PETER REES

[Approved by the Chief Secretary]

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Treasury Chambers, Parliament Street, SW1P 3AG

Sir Robert Haslam KBE
Chairman
Nationalised Industries' Chairmen's Group
c/o British Steel Corporation
9 Albert Embankment
London SE1 7SN

7 May 1985

John Burt

NATIONALISED INDUSTRIES' LEGISLATION; CONSULTATION PROPOSALS

We are meeting on 17 May to discuss progress.

Before we do so I should like you to know of a change we have had to make in our plans for the timing of legislation. Subject to a successful conclusion of our discussions with you, we had been considering introducing a Bill in the 1985-86 legislative session. But we have now decided that because of the number and length of other Bills in prospect, and in particular the Bill to implement our decision to privatise British Gas, there will not be room for a Nationalised Industries Bill in 1985-86. This is sad but, in the circumstances, I am afraid that it is unavoidable.

My colleagues have nevertheless asked me to conclude my discussions with you and then to report the outcome so that a decision can be taken on the way forward and the possibility of legislation in a later Parliamentary session.

I understand you have made useful progress on your side and I look forward to discussing the main remaining issues with you. In the meantime I should be grateful if the NICG would keep to themselves what I have said on the timing of legislation. I shall want to consider later what we might say publicly on this and on the outcome of our discussions with you.

*Yours sincerely,
Peter Hill*

8 MAY 1985





Treasury Chambers, Parliament Street, SW1P 3AG

Andrew Turnbull Esq
Private Secretary
10 Downing Street
London
SW1

9 May 1985

Dear Andrew

NATIONALISED INDUSTRIES' LEGISLATION

.... I am enclosing for information a copy of the briefing which Treasury Ministers and the Press Office will be using if asked about today's announcement that there will not be a nationalised industries Bill in the 1985-86 Session. The briefing is directed quite specifically at the Treasury's interests in the Bill and for this reason I am copying this letter and brief to Janet Lewis-Jones in the Lord President's Office but not more widely.

Yours ever

Richard

R J BROADBENT
Private Secretary

NATIONALISED INDUSTRIES' BILL**Why will there be no legislation in 1985-86?**

A. The 1985-86 legislative programme is of course still under discussion. But Ministers have decided now that the pressures are likely to be such that there is no room for the NI Bill in that session. This is a matter of priorities. Obviously the decision to legislate for gas privatisation as soon as possible is a major factor. [Mr Walker has not said in terms that the Gas Bill will be in 1985-86. The line is "at the earliest opportunity. We cannot anticipate the Queen's speech".]

Are the Treasury's proposals dropped?

A. No. The Treasury have been considering responses to the December consultative paper and have been having constructive discussions with the Nationalised Industries' Chairmen's Group. The Chief Secretary will be meeting the NICG again shortly to continue these discussions.

What are the next steps?

A. This depends in part on the continuing discussions with the NICG and on further discussions among the Ministers concerned.

The possibility remains open of legislation in a later session. No firm decisions have to be taken on that for the moment. The main features of the Government's relationship with the industries continue unchanged, as do those for financial monitoring and control. The aim of the discussions is to find ways to improve the working of these arrangements rather than to replace them.

Is there to be a White Paper?

That would be a possibility but it is one for consideration later on when the present round of discussions

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has been taken further. [NB: although we are working on this possibility it is important not to raise expectations, which could then be dashed, that we do expect to publish something].

Will there be a further announcement?

A. In due course. But not before the further discussions have been completed and Ministers have decided on the way forward.

Are the proposals a take-over bid by the Treasury

A. No. The idea is to improve the present framework of controls and relationships in a way which recognises the developments which have taken place in recent years - the general improvements in the industries' finances, the profits and in some cases the cash surpluses now being earned. It is also desirable as soon as practicable to tidy up and clarify some of the industries' legislation.

But it is not an attempt to put a straightjacket on a group of very different industries. Decisions on each industry would, as now, be tailored to its particular circumstances and would be taken following consultations between the sponsoring Minister, the industry and the Treasury.

Even with present progress on privatisation, and with the decision on gas, some industries will remain in the public sector and others will not be transferred to the private sector for some time. The aim is to find ways of further increasing the effectiveness and commercial vitality of the nationalised industries.

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