

SUBJECT

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File 5.
CCBG

10 DOWNING STREET

29 May 1986

From the Private Secretary

Dear Geoff,

GAS PRIVATISATION

The Prime Minister this afternoon discussed with your Secretary of State and with the Chancellor their minutes of 20 May.

It was agreed that the customer share scheme should go ahead in the form proposed by Mr. Walker, bearing in mind the importance of the sale and the great value of securing the widest possible spread of share ownership. It was also noted that to confine the scheme to gas users would give them a feeling of gaining something special and thereby give them a greater incentive to buy shares.

On the employee share scheme, the Prime Minister noted that the cost of generosity would be tiny in relation to total receipts from the sale. It was agreed that the scheme proposed by your Secretary of State should go ahead, save that the generosity of the element for gas pensioners should be reconsidered. Whilst pensioners should arguably be treated more generously than current employees because of the service they had given in building up the industry, they would also - in contrast to employees - be taking no risk because they would be given shares for nothing. The Prime Minister urged the case for generosity and suggested that pensioners might receive shares to a flat rate value of £75. She invited your Secretary of State to consider this.

I am copying this letter to Rachel Lomax (HM Treasury).

Yours,
David

DAVID NORGROVE

Geoff Dart, Esq.,
Department of Energy.

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