

NOTE FOR THE RECORD

Mr. Maxwell etc.

Broadcasting legislation July 79.

Evan RA.

At the Prime Minister's meeting with the Chancellor this morning, apart from Budget matters, they discussed the question of disposals. The note which the Chancellor sent over (under cover of Martin Hall's letter of 4 March) showed that he was looking for a further £500 million of disposals in 1980/81. About £400 million was fairly firm. The main possibilities for making up the balance were the sale of BGC's interest in the Wytch Farm oil field and the sale of Cable and Wireless. The Secretary of State for Energy was proving difficult on the former, and he (the Chancellor) hoped he could have the Prime Minister's support in putting pressure on Mr. Howell. The Prime Minister agreed that the sale of Wytch Farm ought to be pursued vigorously. There was no particular reason why BGC should operate an oil field, and it would produce valuable revenue. It would also be worth asking the Secretary of State for Industry to bring forward firm proposals for the sale of Cable and Wireless.

The Prime Minister suggested that the Chancellor should look at the possibility of disposing of some of NCB's non-coal assets. The Chancellor said he would do so. The Prime Minister also questioned why the note referred to above did not include anything about a possible sale of the National Freight Corporation. (After the meeting the Treasury telephoned to say that, if it proved possible to sell the NFC or part of it, this would be unlikely to raise any net revenue - largely because of the NFC's pension liabilities.)

Finally, the Prime Minister asked the Chancellor whether he was considering changing the levy arrangements on commercial television. The Chancellor replied that the Treasury and the Home Office were considering the possibility of moving over to a levy based on turnover with a view possibly to amending the Broadcasting Bill. The Prime Minister added that, in her view, there would be merit in postponing the fourth TV channel: in the early years, until advertising revenue was built up, its operation would tend to reduce the overall profits of independent

/television

television and therefore - on the present levy arrangements - it would reduce the Government's take. The Chancellor said that he would have no objection, but he understood that the Prime Minister had already given the Home Secretary the go ahead.

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6 March 1980