



SECRETARY OF STATE FOR ENERGY  
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4 September 1979

De Nigel

Thank you for your letter of 17 August. I am also taking this opportunity to reply to your letter of 30 July to Keith Joseph asking colleagues to identify any further prospects for disposal during the current financial year.

If I can take BGC first, they are of course already making very large contributions to the Exchequer for 1979/80 and 1980/81. I hope they will be able to add significantly to this in the next year or two through disposals. There are a wide range of possibilities which I shall be discussing at an early stage with Sir Denis Rooke and the Board. Wytch Farm is only one of these and there are in fact some serious difficulties about valuation which may make an early sale for a realistic price unlikely. Thus, so far as legislation is concerned, we do not yet know what specific powers will be needed. The only alternative, if we were to use the Industry Bill, would be to include a very broad general enabling provision. To imply at this stage, by taking such a power, that we envisaged the wholesale disposal of the Corporation would attract questions and criticism to which it would be very difficult to reply. I shall consider in the light of my discussions with BGC whether the Petroleum and Submarine Pipelines (Amendment) Bill, the timing of which is still uncertain, could prove to be an appropriate vehicle for legislation on BGC disposals.

I have made some general points on our approach to disposals, which are particularly relevant to BGC, in a letter which I have today sent to the Chancellor.

Your 30 July letter also mentioned disposals of surplus land and property. It may be helpful to record the current position as far as the main land holding energy industries are concerned. The NCB has a firm policy of disposing of all land which is not positively identified as land required for future operational purposes; in the 10 years since 1969, gross proceeds from sales of land by the Board totalled almost £40 million, and a very rough estimate of possible sales for 1979/80 would be £2 - £3 million. In addition, the Board are firmly committed to the earliest practicable disposal of their substantial housing stock as economic and industrial relations constraints will allow; since 1969, they have raised some £70 million (gross) for sales of houses, and for the future they are aiming at a total rate of disposal of some 10,000 houses each year. In the electricity supply industry surplus land and property arise from time to time and are sold off in the normal course of events. The BGC pursue a similar policy; they estimate that between 50 and 100 acres will be disposed of in the current year (although I must point out that with the development of, for example, the Morecambe Bay gas terminal, BGC are currently a net acquirer of land for operational purposes). I shall be stressing to the Chairmen the importance which the Government attaches to the speedy and efficient disposal of surplus land.





Copies of this letter go to recipients of both of yours.

D A R HOWELL

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David



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