

MR GRAY

WATER PRIVATISATION

You asked for comments on the Secretary of State for the Environment's paper on the public relations aspect of water privatisation.

I agree that the tide of public opinion appears to have turned now that the legislation is through, the sale is going ahead and cut price share offers are being publicised.

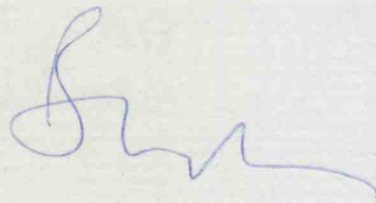
But the basic hostility to privatising such a basic commodity as water remains. I think the Government has done too little in making the points that (i) water may be a gift from heaven but it does need trapping, collecting and storing and then purifying and delivering to the customer - which makes it an industry; (ii) there is massive evidence that the Government should never get into the business of running industries and that the consumer is much better served if it isn't; (iii) food is just as much a basic commodity as water but no-one, not even Labour, have suggested we should have Government bread, butter and jam; (iv) and while we are about it we ought to ensure - as we are doing - that the control over water quality and environment is separated from the actual business of delivering water in the tap.

These are points which the Government can make while at the same time being helpful to privatisation without illegitimately promoting the shares.

But the crucial point in the immediate future is to make a success of the sale. All our efforts should be concentrated on this. Indeed, I am tempted to say that politically this is the overriding objective. To the extent that publicising the "greenery" involved in the format of the National Rivers Authority helps that, all well and good. But the opportunity to demonstrate the "green" credentials of water privatisation will follow flotation and can wait until then.

In short, I believe the strategy must be -

1. float and float successfully
2. then progressively take political credit for the concepts lying behind the National Rivers Authority and the Director General for Water Services, and for the improvements in water and environmental quality.



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