

CONFIDENTIAL



Prime Minister (3)
Are you satisfied with the explanation?

CC NO

PRIME MINISTER

AT 3/4

ABOLITION OF CONTROL OVER PORT DEVELOPMENT

Yes ms

I have seen your Private Secretary's letter of 2 April to mine, and also the Chief Secretary's minute to you of 29 March and the Chancellor of the Duchy of Lancaster's minute of 2 April.

I am grateful for your agreement in principle that the Government should revoke the relevant Orders. I recognise of course your concern about the effect of the announcement on industrial relations during the coal dispute. But in my view the chance of it triggering off a dock strike seems very remote indeed. The alternative course of action might be slightly more likely to do so, as I shall show.

There are two reasons for not delaying the announcement until the present industrial troubles are over.

First, policy on this issue has to be reflected in the prospectus for the forthcoming offer for sale of the Government's remaining shareholding in Associated British Ports Holdings. I have just written separately to you and colleagues about my proposal to announce this offer for sale on 10 April. If I cannot announce the abolition of our control over port development before then, I am likely to have to delay the offer for sale until some time after. Secondly, further delay would put me in an increasingly embarrassing position over the proposed new port development at Falmouth, on which an application for my approval under

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the Harbours Act has been before me for some time now. I cannot leave the Falmouth case unresolved. To reject it would fly in the face of our policy by denying the opportunity for the market to assess the commercial risks. My only option would be to approve the project, and by doing that I would present dockers with a slightly clearer focal point for industrial action than if I simply removed the control.

The Chief Secretary raised two points. I should indeed be ready if necessary to restrict a local authority's capital allocation for transport in order to deter it from embarking on an unjustified substantial port investment. In fact we have done just this in the past. Local authorities would of course face political pressures against transferring significant resources to port development from a capital allocation intended for some other purpose, and so far none of them has made such transfers.

My officials will give Customs all the help they can to establish criteria against which the withdrawal of existing Customs facilities and requests for the provision of additional or new facilities can be considered. I do not expect the abolition of the Harbours Act control to make the deployment of reducing Customs manpower any more difficult than it is anyway. It would be ridiculous to use these powers to delay or reject port developments simply because of problems of Customs manpower.

Arthur Cockfield mentions the risk of our having to pay an extortionate amount of compensation if, with the Harbours Act powers gone, we wish to prevent a statutory harbour authority from carrying out some port development on its existing operational land on the grounds that in planning

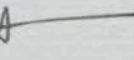


terms it is an undesirable development. Such a possibility has never arisen in the past twenty years. Frankly, I do not think it is a risk we need worry about.

I hope very much that you will now be able to agree that I can announce the abolition of this control. For the reasons I have explained above, it is a matter of some urgency. I should be grateful for clearance by Thursday, which would permit me to finalise the ABPH prospectus and to make a low key announcement of the control abolition on Monday, 9 April. Conveniently, I have outstanding a Priority Written Question from David Mudd, directly on this issue, which I can answer on that day.

I am sending copies of this minute to other members of E(A) and to Sir Robert Armstrong.

NICHOLAS RIDLEY
3 April 1984

pp. HCSD 
(Approved by the Secretary
of State but signed in
his absence)

-3 APR 1984



M

1 2 3 4 5 6 7 8 9 10 11 12

I hope very much that you will be able to return this
I can announce the abolition of the control. For the reasons
I have explained above, it is a matter of some urgency. I
should be grateful for clearance by Treasury, which would
be required to facilitate the withdrawal of the funds.
My announcement of the control will be on Monday, 2 April.
Consequently, I have undertaken a further review of the
control. I will report on this later, which I can discuss
on that day.

I am sending copies of this letter to other members of
the Committee on the subject.

cc: Mr Owen 207



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|------|-----|---------------|-----------|
| E(A) | HMT | DOE | MAFF |
| | NIO | LPS | Chief Sec |
| | DE | DTI (D.Trans) | |
| | SO | CDL | CO |
| | | | D.EMP |

10 DOWNING STREET

From the Private Secretary

4 April, 1984

ABOLITION OF CONTROL OVER PORT DEVELOPMENT

The Prime Minister has seen your Secretary of State's minute of 3 April. In the light of his further explanation, she is content that the orders giving the Government power to authorise port development over £3 million should now be revoked. She is content that this should be done in the Priority Written Question from Mr. David Mudd on Monday, 9 April.

I am sending a copy of this letter to the Private Secretaries to members of E(A) and to Richard Hatfield (Cabinet Office).

(Andrew Turnbull)

Miss D. Nichols,
Department of Transport

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FROM: CHIEF SECRETARY

DATE: 29 March 1984

PRIME MINISTER

ABOLITION OF CONTROL OVER PORT DEVELOPMENT

I was interested to see the Secretary of State for Transport's minute to you of 23 March, which responded to your query on his earlier minute. I have also seen copies of letters from the Chancellor of the Duchy of Lancaster and the Secretary of State for Employment.

I welcome in principle the liberalisation that abolition of section 9 controls involves. The decline of some existing ports may be hastened, but that should not be allowed to stand in the way of innovative investment. It would help us to resist calls to give subsidies, and bring home to management and unions the commercial test on which survival as a port and possible further investment must depend.

Because local authorities can normally use their capital allocations as they wish, whatever their intended purpose, they could in theory switch some to uneconomic port development. In practice that is unlikely to happen, but I take it the Secretary of State for Transport will be ready, if necessary, to apply a squeeze by cutting the transport part of allocations.

In a manpower context I am concerned about the possible needs of Customs. It would be very difficult for them to decline to provide additional staff for port developments which are no longer the subject of controls. I hope that officials can make

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progress in discussions that have begun on the terms of provision. But offsetting savings in existing ports will take time, and may not be fully adequate.

I am copying this minute to members of E(A) and Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'P. Rees', located in the middle right section of the page.

PETER REES

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27 JUN 1984



COLOMBIA



Chancellor of the Duchy of Lancaster

SECRETARY OF STATE FOR TRANSPORT

ABOLITION OF CONTROL OVER PORT DEVELOPMENT

It seems to me that the crucial issue is whether we land ourselves in the position where if undesirable development is stopped we then have to pay an extortionate amount of compensation - a problem which arose over Queen Anne's Mansions. It may have been a misuse of Section 9 to use it - or contemplate using it - for this purpose. But I suspect we will be much inclined to kick ourselves if we knowingly get into a position where we are faced with the alternative of allowing undesirable development to go ahead or pay heavy compensation.

Is it possible to close the loophole some other way?

I am copying this minute to the recipients of yours of 23 March to the Prime Minister.

A.C.

A C

2 April 1984