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DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

*Arch - to me*

*✓ MS R. 10/2*

Chancellor of the Duchy of Lancaster

FINANCES OF THE PORT OF LONDON AUTHORITY AND THE MERSEY DOCKS  
AND HARBOUR COMPANY

Thank you for sending me a copy of your minute of  
4 February addressed to the Secretary of State for Industry.

You have had already my personal note, but I should  
like you to know the full picture.

Until very recently I had hoped that the PLA would  
be able to continue operating without exceeding the £70m limit  
on Government aid which was established in the Port of London  
(Financial Assistance) Act 1980. They should realise a  
substantial sum, perhaps £13m, for land on the Isle of Dogs  
which is to be vested in the London Dockland Development  
Corporation. However, on 21 January I learned from the  
accountants that I had put into the authority in December,  
that this would not be possible, and that the PLA would have  
to cease trading unless the Government was prepared to provide  
additional finance, in excess of the £70m no later than the  
beginning of April. I also found in the next few days that I  
could not rely on the Appropriation Act to pay over the limit  
or include a clause in my Transport Bill because it would be  
outside its scope. So it was not until 27 January that the  
prospect of separate legislation became clear.

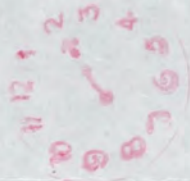
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You have suggested that I might have made a contingency bid for this legislation when the 1980/81 programme was being drawn up last May. This was not possible. In May last year I was getting through Parliament the Bill that laid down the £70m limit for PLA. The Bill was on the basis that that limit would be sufficient to see the PLA through their difficulties. The depth of the recession overtook them much later in the year. As for the MDHC it was not until December that the depth of the recession overturned their earlier expectations of avoiding imminent cash flow difficulty.

I am copying this minute to all members of the Cabinet, to Michael Jopling, to Sir Henry Rowe, and to Sir Robert Armstrong.

110 FEB 1981



*N.F.*

NORMAN FOWLER

9 February 1981

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Chancellor of the Duchy of Lancaster

PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

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MS

SECRETARY OF STATE FOR INDUSTRY

FINANCES OF THE PORT OF LONDON AND THE MERSEY DOCKS AND HARBOUR COMPANY

I shall be unable to attend tomorrow's E(EA) discussion about the finances of the Port of London Authority, the Mersey Docks and Harbour Company, and the National Docks Labour Board. I note that Norman Fowler and Jim Prior propose that a short Bill should be passed by the end of March to increase financial assistance to the two Port Authorities, and to raise the borrowing limit of the NDLB. If these proposals are accepted by the sub-Committee, the Secretaries of State concerned may take this minute as drafting authority for a single short Bill. I should want to be consulted again if there are any unexpected difficulties about covering both points in one Bill, or if there are any further developments likely to make the legislation more complex or controversial than at present forecast.

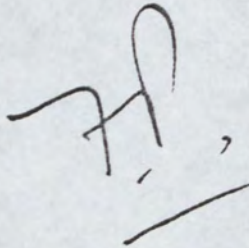
I must, however, register my strong dissatisfaction about the short notice with which these proposals have been brought forward. The legislative programme is well known to be under severe pressure, which is likely to get much worse if we have to find time, as we probably shall, for legislation on the Canadian Constitution. I understand that the need for legislation on the financial position of the ports has only just become apparent. The problems of the ports have however been well known for some time, but this item did not appear - as it might have - as a contingent bid for the 1980/1981 programme when it was drawn up last May. It is unrealistic to expect the business managers to run the programme in an orderly way unless Departments can be a little more far sighted about the demands which they may have to put on it

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at short notice. This is water under the bridge as far as tomorrow's meeting is concerned, but I would be grateful if any of our colleagues who have even the remotest intention of asking for additional time this Session for Bills not already in the programme would let me know as soon as possible.

I am copying this minute to all members of the Cabinet, to Michael Jopling, to Sir Henry Rowe, and to Sir Robert Armstrong.

A handwritten signature in black ink, consisting of stylized initials and a horizontal line underneath.

F.P.

4 February 1981