

PO-CH / NL / 0537

PART B

Part B.

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Begins : 10/7/87.  
Ends : 17/12/87.

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PO -CH | NL | 0537.  
PT.B.

Chancellor's (Lawson) Papers:  
Treasury Parliamentary Business At  
the House of Lords. Stage, 1985-88.

DD's: 25 Years



10/4/96

PO -CH | NL | 0537.  
PT.B.

1. ~~APX~~ 2C.

(X) (A) (F5)  
(Cathy)

From : J E Flitton  
Date : 10 July 1987

- 1. MR PERETZ
- 2. PARLIAMENTARY BRANCH

MC 10/7

ND

cc PS/Chancellor  
PS/CST  
PS/FST  
PS/Paymaster General  
PS/EST  
Sir G Littler  
Mr C W Kelly o/r

**PRIVATE MEMBER'S MOTION : SIR BRANDON RHYS WILLIAMS MP**  
**BRIEF FOR L COMMITTEE**

Sir Brandon Rhys Williams has put down a motion which may be debated on Friday 17 July.

2. The terms of the motion are as follows :-


"To call attention to the instability of the European currency system; and to move a resolution".

This is an amended version of the original motion which included the words "... and the constitutional status of the Bank of England" after "system".

3. Legislation Committee will discuss the motion on Wednesday 15 July. If it is agreed that attempts should be made to prevent the motion being reached, the Whips' Office would ensure the previous motions were fully discussed. I have no doubt that is what Treasury Ministers would prefer in this case. The Economic Secretary has made clear this is his view (Mr Barnes' minute of 10 July to PS/FST).

X/

4. The attached briefing note is on the usual lines.



J E FLITTON  
MGI

## LEGISLATION COMMITTEE - WEDNESDAY 15 JULY

Sir Brandon Rhys Williams :

"To call attention to the instability of the European currency system; and to move a solution".

### Introduction

The purpose of the motion is probably to repeat his known arguments against UK membership of the exchange rate mechanism (ERM) of the European Monetary System (EMS) and to push his preferred alternative of full monetary union.

### Line to Take

Treasury Ministers will not welcome a debate on the EMS.

### Background

Sir Brandon Rhys Williams gave a paper last autumn on the EMS to the European league for Economic Co-operation. He also exchanged letters with the Foreign Secretary and had a meeting with the Prime Minister. The paper made familiar points about the difficulties of sterling participation in the ERM and concluded that we should put all our efforts behind moving as rapidly as possible towards full monetary union. This would include the end of national currencies and the creation of a supra-national bank.

More recently, he intervened in Treasury First Order Questions on 9 July to urge that no decision on ERM entry is taken until European capital markets are fully integrated; and that UK policies should be tied more closely to those of the continental countries, particularly West Germany.

CHANCELLOR

Thanks. The SD. is  
 Cuck a for take Mr  
 account. My sympathy - a  
 this is - are  
 with a SOS for  
 Wals.

FROM: P J CROPPER  
 DATE: 14 July 1987

cc Chief Secretary  
 Financial Secretary  
 Paymaster General  
 Economic Secretary  
 Mr Butler  
 Mr Monck  
 Mr Burgner  
 Mr Gray  
 Mr Gilhooly  
 Mr Tyrie

MAY DAY BANK HOLIDAY

There is a strong education argument for getting rid of this bank holiday - which does not even have the merit of falling on May 1st more than one year in seven.

2. May is the tensest time for both teachers and pupils in the run up to public examinations. Yet this year we had, at schools with which I am acquainted:

Thurs April 23rd: return after Easter holiday

Monday April 27th: School

Monday May 4th: May Day Bank Holiday

Monday May 11th: School

Monday May 18th: School

Monday May 25th: Whitsun Bank Holiday

In other words, those happening to do music on a Monday lost two out of their four lessons in the month of May, after losing most of April, with exams in June.

3. Is there not a lot to be said for a bank holiday break in mid July, say, or in the middle of that long 16 week stint between the end-August Summer bank holiday and Christmas? Guy Fawkes perhaps!

4. Although St George's Day (April 23rd) is a nice idea, it would be almost as bad as May Day for schools - redeemed only by the fact that it would revolve through the days of the week.



P J CROPPER



PRIVY COUNCIL OFFICE

WHITEHALL, LONDON SW1A 2AT

CH/EXCHEQUER	
REC.	21 JUL 1987 217
ACTION	MISS C. EVANS
COPIES TO	CST FST PMG EST SIR P. MIDDLETON
	MR SCHOLAR
	MISS S. ACLAIR
	MR CROPPER MR TYRIE

20 July 1987

Dear Nigel

You wrote to me on 6 July about ending the provision for Ten Minute Rule Bills on Budget Day. You suggested that the solution would be for the Procedure Committee to rule that there should be no Ten Minute Rule Bill slot on Budget Day, and to add another slot elsewhere to compensate.

The present position is that it has still be decided whether or not there should be a Procedure Committee this Session, and, if so, whether its terms of reference should be general or related to particular procedural issues. For the moment, therefore, may I note your suggestion and, if the Committee is re-appointed, undertake to have a word with the Chairman. I should perhaps enter the caveat that, as I am sure you are aware, any recommendation made by a Procedure Committee still requires the endorsement of the House before a change can be made in Standing Orders.

*John Wakeham*

JOHN WAKEHAM

Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer



No: best kept  
Shut a secret.  
I have a  
account to  
(The point of  
Hansard is  
to have a guarantee  
written for the  
matter that we  
agree with for this  
session's work)

MR Kuezy's  
OK  
See submission  
below. OK for PS/FST  
to send this  
off? JK

Treasury Chambers, Parliament Street, SW1P 3AG

Mike Eland Esq  
Private Secretary to the Lord President.  
Privy Council Office  
Whitehall  
LONDON  
SW1A 2AT

21 July 1987

Dear Mike,

in any way

Passed to  
PS/FST  
JK  
22/7

1988-89 LEGISLATIVE PROGRAMME ADVANCE DRAFTING AUTHORITY

The Lord President's letter of 16 July sought comments on his proposal that the Water Privatisation, Child Care and Housing Bills should be selected for advance drafting authority. The Water Privatisation Bill is Treasury Ministers' top priority for 1988-89 and they would not wish any advance drafting to be undertaken which would endanger progress on the Water Bill.

The Child Care Bill imposes costs of £10m on local authorities and other Government departments. The DHSS have yet to identify specific offsetting savings to cover those additional costs. This will be a matter to be resolved in the Survey. Subject to the proviso on water and to the proviso on costs, Treasury Ministers would not, however, object to advance drafting authority.

In contrast Treasury Ministers are doubtful of the case in principle for selecting the Housing Bill since the policy issues are so far from being settled and it makes sense for drafting to proceed in parallel with that on local authority capital controls.

Treasury Ministers support in principle the inclusion of a Companies Bill in the 1988-89 programme but agree that it does not meet the criteria for advance drafting authority.

Copies go to the private secretaries of QL members, of Lord Young, Mr Ridley, Mr Moore and Sir Robert Armstrong.

to

Yours ever  
Jeremy

JEREMY HEYWOOD  
Private Secretary





Parliamentary Under  
Secretary of State

Department of Employment  
Caxton House Tothill Street London SW1H 9NF  
Telephone Direct Line 01-213.....4884.....  
Switchboard 01-213 3000

10

**PATRICK NICHOLLS MP**

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
HM Treasury  
Great George Street  
LONDON  
SW1

CH/EXCHEQUER	
REC.	13 AUG 1987
ACTION	CST.
COPIES TO	

13/8

13 August 1987

*John Nicholls*

**"MAY DAY" BANK HOLIDAY**

Following our reply to Lord Mountgarret's question Norman Fowler has asked me to carry out an initial canvass of views within the Government about the bank holiday on the first Monday in May.

The main options it seems to me, if there is to be a change, are:

- (a) move the present "May Day" bank holiday so as to link it with the bank holiday on the last Monday in May - either the Friday before or the Tuesday after;
- (b) move to a link with the summer bank holiday at the end of August - again either the Friday before or the Tuesday after;
- (c) move to a new Monday date in the autumn, say mid-October.

I should be very grateful for your views and those of other colleagues by the beginning of September. After that we envisage some limited consultation with outside bodies having a direct interest.

The aim would be to complete the review before the end of the year so that a decision could be announced early in 1988. That would allow a change to be made in time for 1989 or, if that were too short a lead time for the tourist industry, diary manufacturers etc, for 1990. I am of course aware of the special considerations applying to Scotland on which Malcolm Rifkind has already written.



I am copying this to members of E(A), to Douglas Hurd, to  
Kenneth Baker and to Sir Robert Armstrong.

Tommy

Pat

conqueror





Office of the President

Nigel  
Any sign of this?

Bif with advice or 8/19

# THE ROYAL COLLEGE OF SURGEONS OF ENGLAND

35-43 Lincoln's Inn Fields London WC2A 3PN  
Telephone: 01-405 3474 Cables: COLLSURG LONDON WC2

CH/EXCHEQUER	
REC.	28 AUG 1987 ✓ 28/8
ACTION	MS BOYS
COPIES TO	MR GILMORE
	MISS PEARSON
	MR BURK

18 August 1987

The Rt Hon the Chancellor of the Exchequer  
Downing Street  
Whitehall  
LONDON SW 1

*Dear Chancellor,*

I am writing to you as a Trustee of the Hunterian Collection which has been housed here at the Royal College of Surgeons of England in Lincoln's Inn Fields since 1813. It was purchased from Hunter's esteemed friends and relations by the Crown in 1799 and given to the Court of Assistants of the Corporation of Surgeons in that year to care for in perpetuity.

The College is a charity and its principal function is the maintenance and improvement of surgical standards. It undertakes extensive teaching, research and examination programmes, and the surgical departments of hospitals throughout the country are visited regularly to ensure that suitable training programmes are available for young surgeons.

The Hunterian Collection is of immense value but it is not suitable for routine teaching. However, it places a heavy financial burden on the College and currently requires a very considerable sum of money to be spent on refurbishment and conservation of the many specimens. The College does not receive any special grant, nor does it have adequate funds to maintain what is a national heritage. I should be most grateful if you, as a Trustee, could give some thought to this matter which is becoming extremely urgent.

Not of direct relevance but in similar vein is the problem of Down House, the home of Charles Darwin, which is also a national heritage and in the keeping of this Royal College. It too requires considerable expenditure for its upkeep, not covered by admission charges.

Practical financial help is needed and I know of no grant-giving body to whom we might apply for such support.

Yours sincerely

IAN P. TODD PRCS

*Paul Stratton (Lord Chancellor's Dept) rang. Lord Ch & PM are also (ex officio) trustees & has received similar letters. It appears DES & DMS minutes are not.*

*ACSA  
27/8*

To: All Trustees of the Hunterian Collection



JOHN HUNTER 1728-1793



FROM: M COLLEN

DATE: 3 SEPTEMBER 1987

*Php*

PAYMASTER GENERAL

PROFIT RELATED PAY: GUARANTEES

1. This submission, which has been agreed with Treasury officials, seeks your views on the text of a letter which we propose to issue and your approval for Parliamentary Counsel to undertake some preliminary drafting work.

2. One of the issues which you considered in June was whether any amendment should be made to the Summer Bill to strengthen our hand in dealing with arrangements for offsetting fluctuations in PRP. Copies of the relevant papers - Mr Farmer's submissions of 18 June (paragraphs 1, 2 and 16-20) and 24 June and Mr Judge's note of 26 June - are attached for ease of reference.

3. You may recall that Mr Laurie Brennan of New Bridge Street Consultants Limited mentioned, during the April 1987 radio broadcast on PRP in which you participated, the potential use of arrangements which guarantee employees off

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cc PS/Chancellor of the Exchequer  
PS/Chief Secretary  
PS/Financial Secretary  
PS/Economic Secretary  
Mr Monck  
Mr Hyett - Solicitors  
Mr Scholar  
Mr R Allison (Dept of Employ)  
Mr P Gray  
Mr Guy  
Mr Tyrie  
Mr C Jenkins (Parliamentary Counsel)

Mr Isaac  
Mr Easton  
Mr Lewis  
Mr G Miller  
Mr O'Hare  
Mr Farmer  
Mr Fraser  
Mr Collen  
PS/IR

setting changes in base wages if PRP were to fall. He has now raised the question again at a PRP conference organised by the Industrial Society at the end of July. A copy of the Financial Times report is also attached. He has now written to Mr Farmer requesting a formal statement of the Revenue's position. A copy of his letter and our proposed draft response is attached for your consideration.

4. Your decision in June was to make no change in the Summer Bill. The form of words proposed then was prepared by Parliamentary Counsel under intense time pressure - you will note that paragraph 2 of Mr Farmer's submission of 24 June mentioned that Parliamentary Counsel preferred more time to ascertain whether a more unambiguous formulation could be found.

It is too early to have any evidence of the extent to which Mr Brennan's ideas may be adopted. A recent press article (copy attached) suggested that TUC guidelines, to be issued in October, would "advise union officials to demand at least a minimum payment ... to safeguard from any loss in wages". This may be advising simply that PRP be wholly add on rather than advocating anything as sophisticated as Mr Brennan's ideas. We will seek to look at the detailed advice when it is available.

5. In view of the risk that Brennan and others may seek further publicity for ideas of this kind we would see advantage in asking Parliamentary Counsel now to give the matter further consideration. We would wish to particularly note in our brief to Counsel that avoidance of inhibiting the innocent employer is an important consideration - an employer paying less PRP under a registered scheme should not be penalised if coincidentally the total of his employees' pay is rising simultaneously. It is systematic arrangements to frustrate the purpose of PRP which we wish to act against, but without introducing the effect or the flavour of a tax based incomes policy.

If a satisfactory formulation were found, we would in due course seek your further authority to the inclusion of a provision in the 1988 Bill if it became apparent that the type of arrangement extolled by Brennan was becoming widespread or was receiving widespread publicity likely to lead to significant usage. Putting work in hand now would facilitate a pre-Budget announcement, should that seem desirable.

6. We would therefore be grateful to know whether you -

(i) have any comments on the proposed response to Brennan

(ii) authorise us to instruct Parliamentary Counsel with a view to seeking a better definition of the "purpose" of PRP for possible inclusion in the 1988 Bill.

*M Colleen*

M COLLEN

DRAFT

Laurie Brennan Esq

PROFIT RELATED PAY

Thank you for your letter of 30 July addressed to Mr Farmer. I am sorry that due to other commitments it has not been possible to reply earlier.

As you know, the PRP legislation has two principal objectives. By making an element of pay more responsive to movements in the undertaking's profits, it should help to reduce rigidities in the UK pay structure and increase employees' sense of involvement in the success of the enterprise for which they are working. These factors together should bring benefits to both productivity and employment.

Ministers have explained, both in the Green Paper issued in July 1986 and on a number of occasions since, the considerable and varied benefits which they see as accruing to both employers and employees from PRP. It is not expected that either employers or employees would wish to deny themselves the full range of these benefits.

It may be helpful to add two short comments, in answer to your questions on the strict legal position.

First, if a "PRP" scheme does not provide for payments of "PRP" to fluctuate with profits, it would not be entitled to registration under the new legislation, and in consequence any employees receiving "PRP" of this kind would not be entitled to tax relief.



(B)

FROM: J D FARMER  
DATE: 18 June 1987

PAYMASTER GENERAL

PROFIT-RELATED PAY : ISSUES FOR NEW FINANCE BILL

1. As you know the legislative provisions on PRP contained in the Finance Bill published in April were prepared and agreed in some haste. Consequent on their omission from the pre-Election Bill, we have now been able to examine them more closely, in the light of comments made by representative bodies and others, and of work which has continued in the PRP Office on the preparation of Guidance Notes and internal instructions.

2. This submission, which has been agreed with Treasury officials, notes the already identified changes which need to be made in the provisions for inclusion in a Summer Finance Bill; and it examines other useful - if not essential - improvements which might also be made. Parliamentary Counsel has already been invited to prepare adjustments to the legislation, so that they can rapidly be incorporated in the Bill before publication, if you favour them.

---

c Chancellor of the Exchequer  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Sir P Middleton  
Mr Monck  
Mr Scholar  
Mr Gray  
Mr Guy  
Mr Cropper  
Mr Tyrrie  
Mr Jenkins (OPC)

Mr Isaac  
Mr Rogers  
Mr Beighton  
Mr Easton  
Mr Cherry  
Mr Lewis  
Mr G Miller  
Mr O'Hare  
Mr Farmer  
Mr Fraser  
Mr Collen  
PS/IR



16. Arrangements offsetting PRP fluctuations. You have recognised all along, of course, that there would be relatively little in practice to prevent employers abusing PRP. The main safeguard has been seen as the limit on the amount of the tax relief for an individual. Much consideration was given early on, in particular, to the potential problem of base pay compensation for fluctuations in PRP. Ministers decided firmly that there could be no question of imposing any real constraint on employers' ability to adjust base pay. The line recommended in briefing on this possible problem has been that employers would be foolish to deny themselves the real benefits of PRP in this way, and that employees too might be acting against their own best interests in pressing for compensation. More generally, the risk that some employers may act in this way is a risk that Ministers believe worth taking for the sake of the wider advantages.

17. Thus there is nothing in the PRP provisions to prevent employers explicitly guaranteeing to their employees that if PRP falls base wages will be adjusted in compensation (this was mentioned by Laurie Brennan in the radio programme on PRP in which you participated. As he almost put it, "Would the Minister confirm that there is nothing to stop an employer guaranteeing ...?"). Our Solicitor has confirmed we would have very considerable difficulty in pressing an argument that a PRP scheme was not entitled to registration where the employer's arrangements were such that PRP-induced fluctuations in his employees' total emoluments were to some extent offset (quite apart from the practical problem of producing evidence of such arrangements).

18. We see some distinction between the various ways in which base pay adjustments might arise. Where fluctuations in PRP lead post hoc to some degree of compensation in subsequent negotiations about base pay, there is clearly no question of seeking positively to discourage this. However, the real possibility of contemporaneous arrangements being made (either in the PRP scheme itself or in parallel agreements) explicitly

offsetting fluctuations in PRP does have potentially some presentational difficulty. A variation which has been raised with us is a deadweight scheme whose PRP would be payable but would be fully offset against an existing bonus payment, not calculated by reference to profits, which would in effect go on as before but with the benefit of tax relief. There is nothing on the face of the legislation at present to warn people off schemes of this kind, and we know from discussions we have had that they are being actively contemplated by some employers and their advisers. There is little to stop such schemes being registered if employers and advisers believe they comply with the legislation.

19. For all the reasons that have been discussed, it remains true there is no complete answer to this risk, given that there is no control over basic pay (and indeed if there were we would end up, not with PRP, but with an incomes policy). However, it occurs to us that you might find it presentationally helpful to insert into the legislation an express reference to its purpose, if a suitable form of words can be found. There is no such reference at present. We have invited Counsel to consider this point, suggesting that one approach might be an expansion of the statutory definition of a PRP scheme.

20. The difficulty is that the furthest we can go without falling into the incomes policy trap is to talk of PRP pointing to greater flexibility than there would otherwise be. We cannot say that total pay must move in the same direction as PRP. For example, a 50% cut in PRP which started as 5% of pay is still consistent with a small increase in total pay if base pay rises by only 3%. So, in practical terms any conceivable form of words might not significantly strengthen our arm. And the last thing we want is to incorporate in the legislation the kind of unenforceable threat that could frighten off the conscientious but not deter the sophisticated - and at the end of the day leave the Board with a monitoring responsibility it could not in practice perform. The official Treasury see difficulties on that count which we ourselves recognise. We think however that you

CONFIDENTIAL

would wish to have the opportunity to consider whether something could be drafted that could more clearly signal the purpose of the legislation, and could give us greater statutory support in spelling out that purpose clearly in the Guidance Notes. Would you like us to pursue this - the search for a form of words which does not run up against these objections or trespass in any way on pay policy generally?

### Conclusion

21. It was perhaps inevitable that, in so innovative and complex a set of legislative proposals, further consideration of provisions prepared in some haste should produce a number of suggestions for improvements. Those identified in this minute are all desirable and useful rather than essential. Whether, if you agree, they could all be worked up into acceptable adjustments to the provisions in the Bill which may have to be sent for printing in less than a fortnight's time remains doubtful. But we should be grateful to know whether we should now pursue them to this end (we assume you will be anxious not to contemplate Government Amendments to a Bill which is to be passed rapidly).

22. In particular, we invite you

- i. to agree to the changes recommended in
  - paragraph 6 (accountants' reports; the provision for adjustment of interest and similar charges)
  - paragraphs 7 and 8 (registration to be liable to cancellation when a scheme employer moves into the public sector)
  - paragraphs 9 and 10 (an additional provision for cancellation of schemes' registration)



FROM: J D FARMER  
DATE: 24 June 1987

PAYMASTER GENERAL

PROFIT-RELATED PAY : ISSUES FOR NEW FINANCE BILL

1. We hope to report at the end of this week on our success in taking into the PRP provisions for inclusion in the Finance Bill, when it is published next week, the various improvements described in my submission of 18 June (to which Mr Judge's minute of 19 June confirmed your agreement).

2. This submission reports further on the 'purpose of PRP' point. The case for inclusion in the legislation of a reference to its purpose was described in paragraphs 16-20 of my 18 June submission, which also acknowledged the difficulties and risks. In the time available, Parliamentary Counsel has not been able to come up with a form of words which is wholly free of the possible pitfalls described in my submission. He would prefer to have an opportunity to consider whether a more unambiguous formulation could be found, but since there is no time for that, he has suggested that the statutory definition of a PRP scheme might be expanded as follows:

---

c Chancellor of the Exchequer  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Sir P Middleton  
Mr Monck  
Mr Hyatt  
Mr Scholar  
Mr Gray  
Mr Guy  
Mr Cropper  
Mr Tyrrie  
Mr Jenkins (OPC)

Mr Isaac  
Mr Rogers  
Mr Beighton  
Mr Easton  
Mr Cherry  
Mr Lewis  
Mr G Miller  
Mr O'Hare  
Mr Farmer  
Mr Fraser  
Mr Collen  
PS/IR

"a scheme providing for the payment of emoluments calculated by reference to profits (so that total emoluments from the employment may vary if profits vary)"

3. His view is that the underlined text ought to be construed to mean that it creates no requirement that total emoluments must vary if profits vary; no requirement that if total emoluments vary, they must do so in line with or in the same direction as profits; and that it has no necessary impact at all on total emoluments from movement in profits. On this basis Treasury officials agree that incorporation of this text would not be inimical either to Ministers' approach to PRP or to their policies as regards pay generally.

4. The advantage of this approach is that though the words themselves might not mean much, they might provide some - perhaps modest - deterrent against the kinds of abuse we fear. Potential applicants for the registration of PRP schemes would be put on notice that the Revenue is empowered to have some regard to the purposes of PRP in deciding whether the totality of an employer's arrangements are such that a scheme is entitled to be registered. Guidance Notes would be able to refer to the purpose of PRP with some statutory support. The words may discourage some of the many kinds of offsetting arrangements that employers may consider (particularly where these are included in or perhaps accompany PRP schemes themselves). Because of this, the alert employer and his advisers may be more chary of regarding the tax relief as something for nothing. In addition, of course, incorporation of the words suggested would give you some protection against criticism that the tax relief is wide open to blatant 'phoney' deals.

5. But there are certainly disadvantages too. Laymen reading these words might infer that total pay ought to move in the same direction as profits if tax relief is to be given. This might put some of them off (it is of course difficult to measure this risk). To interpret the words in that way would not be unreasonable: the Treasury Solicitor believes that is

how they could be construed, and Parliamentary Counsel, whilst referring his own view, has sympathy with this contrary view and says that - if the matter was to come to litigation - a court might indeed place that, unwelcome, interpretation on the text (ie in Treasury officials' view this might amount to saying that what we have is an incomes policy).

6. So Treasury officials believe that, if these words were to be used, there would need to be clear guidance as to what the Revenue would in practice take them to mean. But that could raise its own difficulties, reducing their deterrent value - since such guidance might have the effect of indicating that the words did not provide a complete answer to all the various forms that 'offset' abuse might take. Indeed, this would be particularly evident if the explanations at paragraph 3 above were juxtaposed in Guidance Notes to the text itself. Explanation of the words might also be demanded during the Finance Bill's passage through the House.


7. It is thus a matter of fine judgement whether to use the text at paragraph 2 above. If it is not used, you may be exposed to criticism that blatant abuses are permissible. But if the words are used, they might produce confusion. In the extreme, if it came to litigation, Treasury officials fear they might be found by a court to have established, in effect, a tax-based incomes policy. Fully to explain our interpretation of the text would remove its value. Not to do so might put conscientious employers off PRP and would leave the statement of the purpose of PRP unexplained.

8. On balance, therefore Treasury officials recommend leaving the text out, resting on the existing presentation and preparing for possible later legislation in response to actual abuse. Given more time, a more satisfactory provision against guaranteed compensation may be found.

9. From the Revenue standpoint, while the hope must be that many employers will observe the spirit, as well as the letter,

of the legislation, inevitably some will contrive to obtain for their employees the benefit of the tax relief at little or no cost in terms of risk to pay (paragraph 18 of my submission of 18 June indicated the sort of question already raised). Ministers have always recognised that there is no complete answer to this without falling into the incomes policy trap. But we do not believe the inclusion of the words suggested will necessitate full explanation of their meaning in the Guidance Notes, or in answer to questions in the House. The words would be explained as intended to indicate the purpose of PRP and to strengthen the Revenue's hand if blatant abuse should come to their notice - not that such abuse is thought likely. We are dubious about the risk that imprecision might deter PRP take-up. For our part, therefore, we consider that, on balance, including the words Counsel has proposed may reduce the willingness of employers to seek to exploit the tax relief in this way, and may improve the relief's presentation. Ministers will in any event be on a very sticky wicket if the effect of the present wording were to be probed.

10. I am afraid that there is no time now to seek any different form of words from Counsel. We therefore would ask whether or not you would like to see the words underlined in paragraph 2 above added to the statutory definition of PRP.



J D FARMER



PROM: S P. JUDGE  
 DATE: 26 June 1987

PAYMASTER GENERAL

MR FARMER - INLAND REVENUE

- cc Mr Rogers
- Mr Baghlan
- Mr Easton
- Mr Cherry
- Mr Lewis
- Mr G Miller
- Mr O'Hare
- Mr Fraser
- Mr Callan



- cc PS/Chancellor
- PS/Chief Secretary
- PS/Financial Secretary
- PS/Economic Secretary
- Sir Peter Middleton
- Mr Monck
- Mr Scholar
- Mr Gray
- Mr Guy
- Mr Cropper
- Mr Jenkins
- Mr Hyett - T.Sol
- Mr Jenkins - Parly Counsel
- PS/Inland Revenue
- Mr Isaac - IR

PROFIT-RELATED PAY: ISSUES FOR NEW FINANCE BILL

The Paymaster General discussed your submissions of 24 and 25 June this morning with Mr Monck, Mr Gray, Mr Guy, Mr Hyett (T.Sol), Mr Isaac, Mr Easton and yourself. He expressed his gratitude for the way in which the pre-Election Finance Bill had been improved, given the concerns you had expressed in your note of 18 June.

Turning to the possible statutory reference to the purpose of PRP (your 24 June note), Mr Monck thought the suggested declaratory statement would be of dubious value. It would draw attention to the possibility of abuse, and indicate that the Government recognised this, but without doing anything serious about it. Mr Gray added that the net deterrent effect on the "cheats" needed to outweigh the discouragement to genuine users of PRP.

Mr Isaac thought that this low profile change, if made in the Bill as published, might just influence a court to declare illegal an arrangement where, say, 90-100 per cent of PRP changes were offset by base pay changes. It would provide a useful peg for a description in the Revenue guidance notes of the purpose and scope of PRP.



Concluding a brief discussion, the Paymaster General noted that the Opposition were not planning a massive onslaught on the Finance (No 2) Bill. If Mr Blair covered these clauses, the "Laurie Brennan" point would come up anyway. The Government had a robust defence of the existing words, and the debate would be longer and more difficult if they were changed. He concluded that the clause should remain as originally drafted.

You explained that nearly 20,000 people had asked for details of PRP. Given the scale of this response, you thought it might be better to wait until the end of the year before deciding whether to go ahead with the letter from the Paymaster to the Chief Executives of the top 1,000 companies. The Paymaster asked if you could analyse these responses, and see how many came from listed companies. It would be very helpful if this could be done in time for the Paymaster's speech on 15 July; I would be grateful if Mr Guy could liaise with IDT about a possible press release for this speech. Mr Guy pointed out that a September leaflet would need to be initiated by mid-July.



S P JUDGE  
Private Secretary

Extract from:

Financial Times Thursday July 30 1987

## Consultant suggests profit-related pay plan

BY PHILIP BASSETT, LABOUR EDITOR

EMPLOYEES should negotiate a guarantee of minimum take-home pay if employers want to introduce profit-related pay schemes in line with the Government's proposals, a leading consultant on the issue suggested yesterday.

Some employers have been sceptical about the value of taking up the Government's proposals, which offer tax relief to employees taking part in profit-related pay (PRP) schemes.

But the suggestion put forward yesterday by Mr Laurie Brennan, chief executive of the New Bridge Street consultants' company, at a conference in London organised by the Industrial Society was thought by some at the conference to be one way in which companies might find the PRP scheme more attractive.

Mr Brennan said government ministers' stance over PRP had

moved "from rhetoric to realism," and that the main emphasis on PRP's advantages was now on pay flexibility rather than any employment effects.

He pointed out, though, that because the Inland Revenue insists on the use of audited profit figures, PRP schemes will

### Government ministers' stance over profit-related pay has moved "from rhetoric to realism"

in the main not apply at plant level, and so do not fit in with the part of the Government's drive for greater pay flexibility which stresses greater decentralisation of bargaining.

He forecast that PRP would very soon figure extensively in pay bargaining and if that proved to be the case, the first casualty might well be a simple

annual going rate of pay increases.

But Mr Brennan said employees needed "to scotch the thought that PRP means taking risks with their pay."

He said: "There is nothing in the legislation that prevents employees negotiating a guarantee from their employer

If this guaranteed minimum were divided into 1.5 per cent pay (£1.50) and 5 per cent interim PRP (£4.64), when adjusted at the end of the year this could bring employees the benefit of larger gross rises if profits stayed the same or rose, and bring employers cashflow advantages or lower costs.

He said such mutually advantageous strategies, largely based on the employer removing all or some of the risk for employees by providing the safety net of a guarantee, would emerge through the pay bargaining process. "There is much to negotiate about in the balance of risk and reward offered by a Revenue-subsidised PRP plan."

PRP, though, could cause difficulties in the public sector, where it was not applicable. "In the short run, PRP for others is likely to complicate the Government's own annual pay negotiations."

of a minimum take-home pay. The idea has been put informally to the Revenue.

Mr Brennan gave as an example a 7 per cent pay rise, which for an employee on £100 a week paying 27 per cent income tax, and leaving aside the impact of national insurance contributions, would put £5.11 into his take-home pay.

Ref: D/LJF.LPB

30 July 1987

J D Farmer Esq  
Inland Revenue  
Policy Division  
Profit-Related Pay  
Somerset House  
LONDON  
WC2R 1LB

Dear Mr Farmer

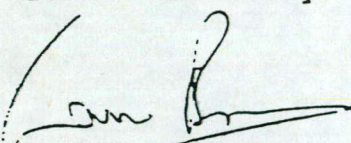
## Profit-Related Pay

At yesterday's seminar given by the Industrial Society on PRP, I advanced some ways of using PRP which involved the use of a guarantee. You may have seen today's report in the FT about this use of PRP. I was pleased to note that another speaker, Roderick Alison from the Department of Employment, did not see anything objectionable in a guarantee, outside the ambit of PRP. He said that throughout the consultative process on PRP the point had been repeatedly made that PRP was not meant to effect what other arrangements employers and employees came to over pay.

I thought therefore I should send you a copy of the note I circulated at the seminar, and ask formally for the Inland Revenue's reaction to the use of a guarantee. I note that you gave an off-the-cuff answer to my colleague Damian Carnell at a recent seminar, along the lines that a guarantee within PRP was not possible. I have no problems with that approach, provided the Inland Revenue accept that an employer is free to provide a guarantee outside the terms of the PRP scheme.

I note that the PRP provisions have now become law, and I believe briefing notes will be issued in due course. I should welcome your assistance with what statutory basis any such briefing notes will have, since I cannot find any reference to their status in the legislation. Given that PRP is to be based on self-certification, it seems to me to be difficult for us to put much weight on briefing notes, unless they have statutory force. Self-certification essentially means that the client will rely upon legal opinions and auditors' opinions, and the Revenue will have to challenge those opinions, if they choose to, as a matter of law and not as a matter of policy. If I am wrong on this point I should welcome your clarification.

Yours sincerely

  
Laurie Brennan  
Chief Executive

Encl.

NBS

# TUC backs profits pay link

by Valerie Elliott

GOVERNMENT plans to introduce profit-related pay have received an unexpected boost from the TUC.

Despite their initial hostility to the scheme, union leaders have decided to send out guidelines to union officials on how best to implement the scheme.

This change of heart is another indication of the new realism which is gripping the Labour movement on economic matters, particularly the need to move away from the annual pay-round and find new ways of increasing income.

The advice from Smith Square to be circulated in October will explain how best to negotiate the implementation of the new scheme. It will advise union officials to demand at least a minimum payment from employers to safeguard from any loss in wages.

Their response to union branches will follow the Government's own guidelines on the new scheme. It will allow workers half of their profit-related pay to be free of income tax up to a point where it is equal to £3,000 a year or 20 per cent of total pay, whichever is lower.

The Treasury is to publish a leaflet about the benefits of profit-related pay this week urging employers to register for the plan before the end of the year.

Some 120 of Britain's top companies have already expressed interest and another 21,000 inquiries have been received.

Mr Peter Brooke, Paymaster-General, said: "More profit-related flexibility in the pay system of UK business will bring important benefits to the whole economy.

"I hope employers will be able to design a scheme and apply for registration as soon as possible."

It already has the support of the Confederation of British Industry and the Institute of Directors.

A CBI spokesman said yesterday that they hoped the scheme would lead to more incentives to match pay levels to improved performance.

Sunday  
Telegraph  
30/8/87



FROM: S P JUDGE  
DATE: 7 September 1987

PS/CHANCELLOR OF THE EXCHEQUER

cc PS/Economic Secretary  
Mr Hutson

TREASURY FIRST ORDER QUESTIONS - THURSDAY, 29 OCTOBER 1987

The Chancellor may remember the Paymaster's trip to the US at the end of October - which they discussed on 3 August.

Unfortunately the opening of the Wordsworth Exhibition (of which the Prime Minister is sole patron) will now take place on Thursday, 29 October, rather than Tuesday, 27 October. This therefore clashes with PQs.

Is the Chancellor content for the Paymaster to swop with the Economic Secretary? The Paymaster does not think that the two VAT questions (Nos 5 and 19) will cause any particular difficulty.

I understand that the Economic Secretary is in principle content to swop slots.

c/content?

CR 7/9

S P JUDGE  
Private Secretary

letter to issue?

CR 10/19

Agreed. It may be appropriate for the reply to be sent by a Private Secretary.

FROM: MRS S C HALL  
DATE: 8 SEPTEMBER 1987

- 1. MR STURGES
- 2. MS BOYS

cc Mrs Wiseman

9/9

**CHANCELLOR'S CASE: THE HUNTERIAN COLLECTION**

I have looked back over the past papers on this collection to find out the background to the Chancellor's involvement.

The Chancellor is an ex-officio trustee of this collection which Parliament purchased 1799 and entrusted to the Royal College of Surgeons. The Hunterian collection is not directly the responsibility of the Government. The Trustees held several meetings during the 1950s to which the Chancellor was invited, but he never actually attended.

Parliament voted the Royal College a building grant of £15,000 in 1806 and further sums in the 19th century for the enlargement of the premises. In 1958, the Chancellor was approached by The Rt. Hon. Viscount Crookshank (an elected Trustee), asking whether there was a possibility of a contribution from the Government towards the Hunterian Collection. At this time, the College were rebuilding their premises following war damage.

The Chancellor was advised that it would be best for this request to be turned down as could set a dangerous precedent in relation to the demands of other museums and collections.

The Royal College are not asking specifically for Government help in this instance, rather for some consideration as to how the problem of funding might best be tackled.

I attach a draft reply along these lines.

*Sara C. Hall*

SARA C. HALL

*There is also a (1 think) a bundle of Govt. - written trusts of Govt. - written Citizens Advice Bureau. Yes, we'd include = copy.*

**DRAFT**

Ian P Todd PRCS  
The Royal College of Surgeons of England,  
35-43 Lincoln's Inn Fields.  
London  
WC2A 3PN

**THE HUNTERIAN COLLECTION**

Thank you for your letter of 18 August 1987 <sup>about</sup> ~~asking me to consider~~ the problems faced by the College with ~~regard to~~ the upkeep of this collection. (NVH)

~~You say that you know of no grant giving bodies to whom you might apply for support.~~ There are a large number of grant making trusts that you might apply to. I would suggest that, in the first instance, you contact the National Council for Voluntary Organisations, 26 Bedford Square, London WC1B 3HU. This charity acts as a national resource centre providing management information and advisory services. They may be able to suggest the best people for you to approach.

~~I hope that you find this information useful and wish you success in your efforts to preserve this part of our national heritage.~~

Yours sincerely,



M

FROM: J J HEYWOOD

DATE: 11 September 1987

PS/CHIEF SECRETARY

cc: PS/Chancellor  
Mr F.E.R. Butler  
Mr Gilmore

✓

COST OF ROADS

The Financial Secretary has asked me to send you a copy of the attached article on recycled roads which he has seen in the New Scientist.

J.H.

JEREMY HEYWOOD  
PRIVATE SECRETARY



## Recycled roads cut the cost of materials

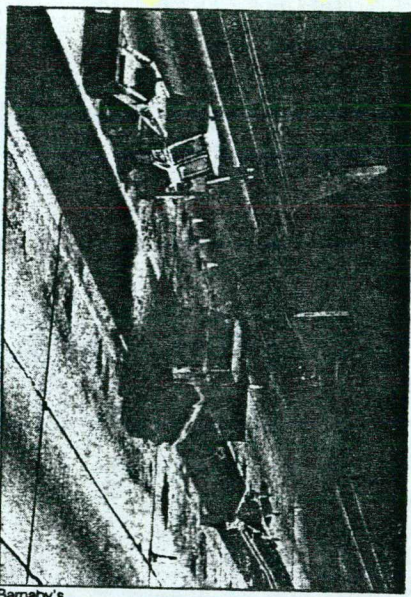
Malcolm Smith

**BRITAIN'S** local authorities and the Department of Transport could save up to £100 million a year by recycling roads. Instead of ripping up defective stretches of road and throwing the old materials away, they could mix the aggregate up again and lay new road from old.

The technique is widely used in West Germany. In Britain, the department's Transport and Road Research Laboratory (TRRL) has tested the method, and says that it works well. The department's Engineering Intelligence Division claims "interest and concern". At present, however, virtually no roads are recycled in Britain, and the department has no timetable for introducing the method.

Many countries, including the US, rely heavily on recycled road materials to construct and repair their roads. A recent contract in West Germany used all the existing materials to reconstruct 75 kilometres of a 48-year-old autobahn. The West Germans calculate that it would have taken about 125 000 lorry journeys simply to dump the old road material, and as many again to bring in the new material. Recycling roads has other benefits,

too. It reduces the need for new stone and bitumen (which is derived from petroleum), and it saves energy in transporting heavy materials.



Recycled road material is a potential goldmine

Road material itself is a mixture of aggregate (graded road stone) from quarrying and bitumen from imported crude oil (oil from the North Sea is too light). There are two sets of layers. The base layers, known as coated macadam, are stone aggregate mixed with up to 8 per cent bitumen. The top, or "wearing", layer is made of rolled

asphalt. It includes 90 per cent polished-resistant aggregate (usually granite) mixed with bitumen.

On conservative estimates, recycling could save Britain £2.5 million in purchases of aggregates. The large savings come with bitumen, whose price varies with the price of oil. At current levels, the saving could be £75 million a year.

The method used in Germany involves digging out old material, mixing it in a drum mixer with a bitumen emulsion or with water and cement, and re-laying it. This was the method the TRRL used in its tests on roads in Kent and East Sussex.

On the A20 at Ashford, in Kent, a trunk road with heavy traffic, the TRRL relaid the deeper layers with mixtures including 40 per cent and 60 per cent recycled road. Two years after, it could not distinguish between wear on the recycled road and that on new roads.

The TRRL will soon monitor the longer-term performance of roads in Shropshire that are being maintained with recycled materials. It does not want to rely on the wide experience in other countries, partly because the British Standards for the base and wearing layers do not yet include a specification for recycled materials.

A source in Britain's aggregate industry believes that county councils could cut the cost of maintaining roads by up to 25 per cent by following other countries.

## Computer help for pathology problems

**TECHNICIANS** in medical laboratories spend long hours studying stained preparations of cells for signs of disease. If machines could carry out the task for them, eliminating normal specimens and flagging those that look suspicious, laboratory workers could spend their time more profitably.

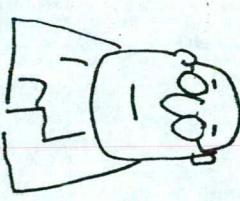
Several groups in Europe and the US are attempting to develop such systems. One team of physicists, programmers and pathologists at the University of Arizona, led by Peter Bartels, is using a microscope connected to a computerised image processor. The group is also trying to develop software that will allow the system to draw conclusions from what it sees. Bartels estimates that it may take them another eight years before his system will be ready for hospital use.

metres in diameter. Bartels's Ultrafast Laser Scanner Microscope can focus on an area of 4 square centimetres. This aside, Bartels insists that "the real limiting factor of conventional microscopy is the rate at which the human eye absorbs information. That limits how fast images can be presented on television, for example. Our microscope and scanner can examine 50 000 to 60 000 cells per minute, far faster than the human eye."

To analyse these data, the scientists developed a system with 32 processors working in parallel. Bartels is working on a "rule-based system", to devise a program that can interpret a bulge here or a slight darkening there. This is software that will do what the human eye does, but at the rate of 1000 cells per second. Bartels estimates that he will need a computer composed of 400 microprocessors (he is using a Motorola 68020 microprocessor) to do this.

Even the present prototype has shown diagnostic promise. The researchers are using it to measure ploidy, which is the amount of genetic material—DNA and RNA—in a cell. Bartels says that they have found that while cells in a tumour look clearly cancerous, adjacent cells often look completely normal, even to an experienced pathologist. Yet when the ploidy of these cells is measured, and compared to a normal control, there is a clear difference. "They are in some way pre-malignant," says Bartels, "but in a way only the computer can detect."

The system works so fast, Bartels claims, that it may be possible to examine tissue from the area around a just-removed tumour, for example, while the patient is still on the operating table. Knowing that all cancerous cells have been excised, while leaving all normal tissue behind, should



## Colour controversy

**FILM** buffs are arguing over "colorisation", the technique of adding artificial colour to old black-and-white films. They say it is not what the original makers would have wanted. The video and television industry argue that the general public prefers colour to no colour at all. The firms involved have been unwilling to talk about the colouring process, but now two US patents (US 4 149 185 and 4 642 676), granted to Ralph Wenger and Color Systems Technology of California, explain how it works.

The original monochrome 35 mm film is transferred to video tape, creating 24 images for each second of running time. Each image on the tape is then digitised by dividing it into more than 500 000 individual picture elements or pixels. Each pixel is described in digital code.

The computer displays on its screen a picture in various shades of grey, full black and white. The operator programs it to process each frame, automatically converting each shade to a certain colour.

In older systems, which gave very poor results, the human operator allocated one colour for a grey grade, which meant that a sky and a face would both end up blue if they had the same reading on the grey scale. The new method allows operators to draw a mask over the face, using a light pen for example, and to tell the computer that everything inside that mask should be coloured differently. As long as

## Patent Office

**THE** European Patent Office describes interesting new suggests fields of technological innovation.

The problem is that the of patent applications, so Munich or the Hague. They were filed in 1986 and th be processed.

To help with searches building what it claims to of patents. It is transferring files. The job will take th electronic access to all t countries since 1920.

The report shows that the past year handling ap and man made disasters, nuclear leaks. The Chern applications for ways of c Unusually for such an r report a stance on a few is affordable price, and for industry. "The human elem the technology is foolproof



## Dial-an-applicatio

**A** WEST German court office that it must let inve file applications by fax transmission if they wan One inventor who tried t this was turned down. He appealed, and the

## Cordless without stri



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

David Norgrove Esq  
Private Secretary  
10 Downing Street  
LONDON SW1

CH/EXCHEQUER	
REC.	11 SEP 1987 ✓
ACTION	CST
COPIES TO	

11 SEP 1987

**LONDON REGIONAL TRANSPORT : FARES**

My Secretary of State thought that the Prime Minister would want to know about the fare increases that London Regional Transport are proposing to announce next week for introduction next January, particularly as they are somewhat larger than in recent years. Sir Keith Bright intends to recommend to his Board next week increases averaging about 9½% in cash terms.

Since 1984, LRT have interpreted fairly strictly the objective to keep fares broadly in line with inflation. This has stabilised the structure of LRT fares after the previous turmoil under the GLC. Demand for bus services has steadied after years of decline, while there has been a surge of growth in Underground patronage.

It would however lead to increasing problems if LRT were to continue to feel obliged to link fares strictly with inflation and the intention is to remove this constraint in the Chairman's new objectives. With the prospect of deregulating bus services in 1990, there is evidence that LRT's subsidised fares are now some 15% too low in real terms to secure adequate competition. It would seem sensible, as LRT propose, to bring fares steadily up to market levels in the run-up to deregulation.

The success on the Underground has already led to serious overcrowding and demands for additional investment to improve the capacity of the system. It is right that the farepayer should contribute to these costs.

There will of course be some adverse reaction to increases of the order Sir Keith Bright is proposing. But my Secretary of State believes he has a very strong and persuasive case. Apart from the need to finance extra investment, there is plenty of evidence that fare levels in London are simply too low. Even after next January's proposed increase LRT fares will be at roughly their 1980 level whereas average London salaries will be more than 20% up. In addition the popularity of the Travelcard has greatly increased the amount of travel at little or no marginal cost to the passenger.

Equally important in this context is LRT's major success in improving efficiency. By the end of this year unit costs should have decreased overall by 15% since 1984 and the Chairman's new objectives will require a continued unit cost reduction of at least 3½% per annum. So even with the proposed fare increases no-one will be able to argue that the huge reduction in revenue support, from a subsidy of £190m in 1984/85 to a positive contribution of £10m forecast for 1988/89, will have been achieved at the expense of the farepaying passenger.

Finally, the public is now being offered a manifestly better product as a result of increased investment in modernising and streamlining London's transport system.

A decision on fares is required now because of the time it takes LRT to prepare for and implement the detailed changes; and past experience demonstrates that any significant delay between the Board decision and an announcement leads inevitably to damaging leaks. Sir Keith Bright therefore intends to make an announcement soon after the Board meeting on 17 September.

/ I am copying this letter to Alex Allan at Treasury, Tim Walker at DTI and Trevor Woolley at Cabinet Office.

*Yours sincerely*  
*R J Griffins*

R J GRIFFINS  
Private Secretary

From Financial Times 15/9/87

### Profit-related pay

*From the Chief Executive,  
New Bridge Street Consultants*

Sir,—The prospects for profit-related pay (PRP) are much better than your article (September 11) suggests. Viewed in its proper context, of pay bargaining, PRP will have virtually universal application.

Signposts for this role for PRP can be found in the legislation. It has been named as pay; it can be paid in the weekly or monthly pay packet; the tax relief is given immediately via the normal PAYE procedures. No financial benefit is provided to the employer for introducing PRP—so employers must look to substituting PRP for a necessary cost, and the universally available necessary cost is future pay rises. The registration of schemes is perhaps the simplest procedure for any tax relief—so much so that the Inland Revenue should be able to register a scheme virtually by return post. There is still time therefore to register a scheme for January 1 1988, and since PRP can be paid in advance on an interim basis, employees could receive PRP in their first 1988 pay packet.

The problem for employees in accepting PRP into pay bargaining, is that they must accept both the hope of higher pay, if profits rise, and the risk of lower pay, if profits fall. For many employees, at the financial margin, the risk will outweigh the possible gain. Employers will therefore need to consider, at least for the first year, providing in parallel with the PRP scheme a guarantee of a minimum take-home pay, so that employees are encouraged into the PRP world.

In a wider context, if profits are the principal factor in determining pay levels in an economy then the adoption of PRP may achieve the inevitable pay level rather faster and with less damage than would happen under the existing, confrontational pay bargaining process. If that should prove to be the case, then PRP could become an historic development. The Chancellor should be given the benefit of the experiment, which if properly conducted by companies will not do harm and could do a lot of good.

Laurie Brennan,  
30-34 New Bridge Street, EC4.

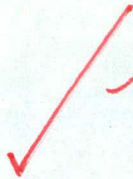


FROM: S P JUDGE  
DATE: 16 September 1987

*SPJ*

MR FARMER - INLAND REVENUE

cc PS/Chancellor  
PS/Chief Secretary  
PS/Financial Secretary  
PS/Economic Secretary  
Mr Monck  
Mr Scholar  
Mr Culpin  
Mr P Gray  
PS/Inland Revenue



PRP - FINANCIAL TIMES ARTICLE 11 SEPTEMBER

The Paymaster General was grateful for your submission of 15 September. He has also seen Laurie Brennan's letter in yesterday's FT, which repaired some of the damage. The Paymaster would not be quite as severe as you on the text of the article, but the sub-editor's inset ("The Inland Revenue says that it cannot guarantee to register a scheme in less than 3 months") is unhelpful.

He approves your draft press release, subject to altering page 2, line 17 to read "be obtained by writing to or telephoning:".

Mr Culpin suggested to me that the Revenue should write to the FT, pointing out that they had got it wrong and suggesting that they publish another article, drawing on the press release. The Paymaster agrees that this would be a good idea. (We spoke).

S P JUDGE  
Private Secretary

C/letter to issue?

OK, but I will check re CAB for when!

OR 17/9.

FROM: MRS S C HALL  
DATE: 16 SEPTEMBER 1987

APS/CHANCELLOR 2nd.

cc Ms Boys  
Mr Sturges  
Mrs Wiseman

return from Mr Sturges

CHANCELLOR'S CASE: THE HUNTERIAN COLLECTION

Thank you for your minute of 14 September.

I have been investigating whether the Citizens Advice Bureau publish a directory of grant making bodies. I think that the Chancellor may be thinking of the "Directory of Grant Making Trusts", published by the Charities Aid Foundation, as I can find no record of the C.A.B having such a directory.

This is a rather weighty book, running to some 900 pages and costing £45. I have therefore amended the draft letter to cite this work as another reference source, rather than actually sending a copy to the Royal College of Surgeons.

*Sara C Hall*

SARA C. HALL

~~DRAFT~~

Ian P Todd PRCS  
The Royal College of Surgeons of England,  
35-43 Lincoln's Inn Fields.  
London  
WC2A 3PN

THE HUNTERIAN COLLECTION

Thank you for your letter of 18 August 1987 ~~(asking me to consider)~~ <sup>about</sup> the problems faced by the College ~~[with regard to]~~ <sup>over</sup> the upkeep of this collection.

~~[You say that you know of no grant giving bodies to whom you might apply for support.]~~ There are a large number of grant making trusts that you might apply to. I would suggest that, in the first instance, you contact the National Council for Voluntary Organisations, 26 Bedford Square, London WC1B 3HU. This charity acts as a national resource centre providing management information and advisory services. They may be able to suggest the best people for you to approach. You may also find the "Directory of Grant Making Trusts", published by the Charities Aid Foundation, a useful source of information.

~~[I hope that you find this information useful and wish you success in your efforts to preserve this part of our national heritage.]~~

Yours sincerely,

*prop  
Custody*

FROM: A WILSON  
DATE: 21 September 1987

CHANCELLOR OF THE EXCHEQUER

*Thanks. I would have this  
submission, but am a  
little concerned that there  
is work on small  
firms, & the need for  
simple accounts  
transmits a clear  
msg.*

- cc Chief Secretary
- Financial Secretary
- Paymaster General
- Economic Secretary
- Sir P Middleton
- Sir T Burns
- Mr F E R Butler
- Mr Anson
- Mr Byatt
- Mr Cassell
- Mr Monck
- Mr Burgner
- Mr D Moore
- Mrs Lomax
- Mr Scholar
- Mrs M Brown
- Mr Houston
- Mr Ilett
- Mr Gray
- Mr Bradley
- Mr Inglis
- Mr Wynn Owen
- Mr Painter, IR

WILSON  
TO  
CH/EX  
21/9

**SUPPLY SIDE MEASURES : ACCOUNTING INITIATIVE**

Shortcomings in the accounting aspects of company law and professional practice are becoming increasingly apparent as the complexity of business units grows and alternative methods of financing them are designed to meet a variety of objectives. Many of them were identified in Mr Monck's "Supply Side" submission of 23 July 1987.

2. This submission seeks your support for the proposal to investigate and discuss possible solutions first with the Inland Revenue and the Bank of England, and subsequently with the DTI and other interested parties such as the accountancy professional bodies and the Stock Exchange. With Sir Peter Middleton's agreement I intend to chair the initial discussions with the Bank and the Inland Revenue, but before approaching the DTI we shall reconsider the proposals in the light of views already expressed. I do not think you need to do anything until that stage is reached, but we may ask you then to write to the Secretary of State for Trade and Industry along the lines of the draft letter at Annex B to help get



things moving. Only after we have begun our talks with the DTI shall we approach the accountancy bodies and the Stock Exchange.

### Background

3. Competitive capital markets require accurate and adequate information in order to function effectively. As markets have developed, the traditional primary reporting responsibility of companies to their shareholders to which the Companies Acts are geared has been subsumed into a more diverse pattern of financial reporting requirements and responsibilities. In turn, this wider interest and dependence upon corporate financial information has overtaken the more limited requirements contained in the Companies Acts relating to the information to be published to shareholders. It was partly in recognition of these developments and of the measured pace of the legislative process that the Accounting Standards Committee was set up some fifteen years ago to establish best practice and to reduce the alternative accounting treatments available in a period of rapid evolution without waiting for the law.

4. Commercial pressures on companies to manipulate information have increased in recent years, just as investor protection has become more important with wider share ownership and as profit linked incentive schemes have grown in number. It also seems that the importation of EC requirements into UK company law as part of the harmonisation process may have changed in some respects the lawyers' interpretation of traditional UK accounting concepts, like the true and fair view, without a corresponding awareness of the change by accountants.

### Purpose of Proposed Measures

5. The aim of the proposed measures is to improve the quality and consistency of information about company performance in order to improve the quality of decisions by all concerned. It is desirable that the private sector should be encouraged to give the kind of comprehensive and consistent information which we seek for our own purposes in the public sector. More specifically private sector accounts should:

- (i) provide the information needed for effective long term decisions on pay and resource allocation;
- (ii) give useful and relevant information about performance to an increasing number of shareholders;

- (iii) provide the kind of comprehensive and consistent information which we seek for monitoring or control purposes in the public sector.

Better decisions based on better information will improve economic performance. These factors have a knock on effect in the public sector. For example, historical cost accounts can be particularly misleading in the Nationalised Industries where asset lives can be very long and an increase in the rate of return earned by reference to updated asset values would be very beneficial to public expenditure issues.

### The nature of the proposals

6. The elements of the proposals are:

- (i) to improve the consistency of application of accounting principles over time and between different companies;
- (ii) to make communication by means of published accounts more effective, and
- (iii) to ensure that the accounts reflect the economic substance and reality of the transactions and situations which they describe, not merely their legal form.

### Accounting Issues

7. Annex A is a list of issues where we should like to change current law and accounting practice. They are:

- to ensure the primacy in law of the need for accounts to show a true and fair view based on the real economic facts rather than a strict interpretation of legal form. The purpose of this general concept is illustrated in the following four specific issues.
- the need to bring within the ambit of published company accounts the "off balance sheet" financing schemes which mislead the reader of accounts by concealing gearing and which can distort the perceived rate of return on the assets employed.
- the need to reduce the number of options available in merger and acquisition accounting, so as to ensure consistency of treatment and fairness for all parties to the transactions, and to make it easier to form reasonable judgements about the success of mergers and takeovers.
- the need to align the reported financial profit with the economic profit and to report the real economic state of affairs of companies by securing regular, complete and consistent revaluations of assets where these show

significant differences from historical cost.

- the need to disclose levels of Research and Development expenditure in company accounts.

### Limitations

8. The detailed proposals will require careful co-ordination of effort by the accountancy profession and the Department of Trade and Industry so that the law goes hand in hand with accounting practice. Our ability to change the UK law is circumscribed, (sometimes unhelpfully), by provisions of EC Company Law Directives, but some of the issues could be dealt with by changes in the UK company law alone. UK company law can in any event only be changed at infrequent intervals, and the earliest possible opportunity may arise in the 1988-89 Parliamentary session.

9. Furthermore, the sophistication of some of the current methods of circumventing the requirements of the law means that many of the issues, (eg precise guidance on accounting for mergers or off balance sheet finance), can best be dealt with as they arise against the background of an overriding legal requirement for published accounts to reflect a true and fair view supported by comprehensive accounting standards. The latter ought to be capable of being designed more hastily as and when required to deal with new situations as they emerge.

10. An important consideration for the future is that EC directives are aimed at harmonisation at a detailed level. The legalistic approach adopted and the delays between revisions of directives can hinder the proper development of accounting, so we should seek to limit their potential for delaying future progress.

### Enforcement

11. One matter which must be considered is the effective enforcement of accounting standards and company law. In an increasingly competitive environment, the effectiveness of present methods of enforcing accounting standards and the law, (through auditors with some backing from the Stock Exchange and the DTI) is weak compared with the force of co-ordinated contrary opinions of the other parties involved.

### Recommendation

12. The proposal is that:

- (a) Treasury and DTI officials (consulting the Bank and Inland Revenue) should discuss and amend Annex A so that it is an agreed statement of the problems to be addressed and proposed solutions;

(b) they would then seek Ministers' agreement to use the final version of Annex A as a format for discussions with the ASC and the Stock Exchange.

If you agree with this, it would be helpful if you could write to the Secretary of State along the lines of the attached draft.

- see para 2 - the letter  
is not to issue yet.

13. We do not envisage at this stage that the agreed list would be made public in any way, but there would be no harm and perhaps some advantage if it reached the press following confidential prior discussion and agreement with professional bodies.

CONFIDENTIAL



A WILSON

**ANNEX A****ACCOUNTING ISSUES**

A number of issues to do with accounting requirements or practices are currently causing some concern and need to be addressed. Accounting information is important for economic decisions and the way markets work. Better information should lead to improved economic decisions and performance.

2. The main issues covered below are:

- the need for economic substance to prevail over legal form and for unrestricted true and fair view requirements;
- accounting for mergers and acquisitions;
- off balance sheet financing;
- fair value and modified historical cost accounting;
- disclosure of R & D expenditure.

**Substance over form and the true and fair view**

3. The main purpose of accounts is to disclose corporate profitability and what may be distributed to shareholders, and the full state of affairs of the reporting group or company.

Efficient markets require information about the true economic performance of companies at least as much, if not more than, a statement of what may legally be distributed. Since the 4th EC Company Law Directive, there has been a tendency for accounts to concentrate more on what is distributable than on economic performance. Furthermore the law now governs more aspects of accounts than it used to. This has led to an overlegalistic view of what is permissible in accounts. Some accounting shortcomings stem directly from the ability of companies to hide behind restrictive legal interpretation of company law at the expense of showing a "true and fair view".

4. The operation of the concept of a true and fair view has been restricted since the 1981 Companies Act and this has led to difficulties in developing accounting standards to cover such matters as what may be included in group balance sheets, and the related question of "off balance sheet finance", and what may be treated as a profit. The capacity of accounting to deal with new situations and abuses is gravely weakened if the requirement for accounts to show a true and fair view is legally restrained.

#### Proposal

5. There is a case for considering change to legislation so that the requirement for accounts to show a true and fair view is reinstated (within the limitations of the 4th Directive) as overriding. The impact of the 7th Directive (group accounts) should be carefully considered to ensure that accounts are allowed to reflect the real composition of a group and the latter is not unduly restricted by statutory definition.

## Off-balance sheet financing

6. Off-balance sheet financing takes a variety of forms designed to reduce disclosed gearing and to some extent, assets, thus improving the apparent rate of return. It has arisen in part because of restrictive interpretation of company law by lawyers and merchant bankers. The technique of removing both assets and liabilities from company and group balance sheets conceals the true nature and extent of liabilities which the group may have underwritten, and improves the perceived rate of return on assets above its true level. Nationalised industries may be able to use some of the techniques, with the result that it is more difficult to set targets and measure performance in appropriate fashion.

### Proposal

7. The clarification of law on the supremacy of the true and fair view concept should prevent much of the abuse, but this must be bolstered by strengthened accounting standards. The recent attempt by the accountancy profession to produce a solution was stopped in its tracks by legal quibbles. The objective is to ensure that the true economic position of the group is reflected in accounts and that all the components of the group are included in them.

### Mergers and acquisitions

8. More flexibility is given to the permissible accounting treatment of mergers and acquisitions in the UK than is the case in the

US and some other developed countries. The 7th EC Directive governing group accounts will be translated into UK law shortly, and thus there is an opportunity to revise the relevant provisions of the Companies Act.

9. The objectives of changes in this area are to improve disclosure of what has actually happened, (the price paid for acquisitions, their consequences and the accounting treatment adopted), and to reduce the number of accounting options available so as to improve the consistency and comparability of accounts, to make them easier to understand and to put a stop to some current abuses.

#### Proposal

10. The law should permit both merger and acquisition accounting as at present, but there is a case for considering prohibiting a currently popular hybrid of merger relief under the Companies Act and acquisition accounting. We should encourage the accounting profession to tighten up on the rules for disclosure, and narrow the range of circumstances when each form of accounting can be used, against a threat to legislate if the rules aren't strong enough. The Accounting Standards Committee review of the composition and content of group accounts and the relevant Standards should be publicly encouraged.

#### Fair value accounting and regularity of revaluations

11. There has been a retreat from accounting for changing prices by the private sector and the Accounting Standards Committee is due to review the subject next month. The decline in inflation



and the cost of preparation of alternative forms of accounting information have been used to rationalise this retreat (though many companies use price level adjusted information in one form or another for management purposes). A more legitimate complaint is that the techniques tried have been oversophisticated and not appropriate for all types of business. Nevertheless, the main reason for retreat is undoubtedly still the fear of the effects of lower reported profits on share values as well as on profit related remuneration bases.

12. That said, the threat and practice of takeovers has led to increasing emphasis on modified historical cost accounts, incorporating updated valuations of significant assets, notably land and buildings. At present the UK law, in contrast to other major countries such as the US and Germany, where revaluation is not an accepted accounting practice, allows a choice of which, if any, assets to revalue and when. This clearly distorts comparability of accounts. A requirement that there should be systematic, regular and consistent reassessment of fair values in company accounts, should achieve the benefit of price level adjustments without the complexities and dissent likely if more sophisticated methods of accounting were required.

#### Proposal

13. The DTI should consider a requirement in company legislation to ensure that revaluation of assets is comprehensive and regularly carried out using consistent principles or, as a minimum that this should be done where there is any departure from the historical cost convention.

## Research and development

14. Considerable progress has been made with the accounting profession which is revisiting this subject. A new accounting standard is proposed in Exposure Draft 41, published in June 1987 which will require companies to disclose the level of research and development expenditure undertaken each year. This proposal should be publicly supported.

## ANNEX B

## DRAFT LETTER FROM THE CHANCELLOR TO THE SECRETARY OF STATE FOR TRADE AND INDUSTRY

## ACCOUNTING DEVELOPMENTS

[I know that] your officials and mine have been talking about various shortcomings in the present legislative and working background against which accounting principles are developed. [I thought it might be helpful if I told you how we see the problems from here.]

I attach to this letter a draft list of specific issues which we feel need to be tackled, which I believe coincides to a large extent with issues which your own officials are currently addressing. Some of these points relate to initiatives underway at present in the Accounting Standards Committee which could usefully be supported by the Government. Other aspects would probably require legislation, which could be included in a Companies Bill if you are able to secure room for it in the timetable. I think there is an advantage in bringing together the various issues in a single note. [It would be helpful if discussions between our officials could continue with a view to defining improvements that are desirable and considering how they could be brought about.]

My purpose in writing to you at this stage is to suggest that, once our officials are agreed on the issues to be covered and possible solutions, they should consult informally both with other parts of Government and with other interested parties. The aim would be to reach early conclusions on the provisions to be included in any Companies Bill and our objectives for action by the accountancy profession.

*I would welcome your views*



**FROM:** R C BERWICK  
**DATE:** 13 October 1987

01-270 5183

PS/CHANCELLOR

*c/content?*

cc PS/Financial Secretary  
 Mr Gray - IAE3

*OR B/10.*

*JK*

**BACKERS FOR THE LIQUOR LICENSING BILL**

The Parliamentary Clerk to the Secretary of State for the Home Office has asked if the Chancellor would be prepared to be counted as a 'Backer' for the above Bill.

This Bill will extend the existing licensing hours on Mondays to Saturdays, but will leave Sundays, Good Friday and Christmas Day as they are at present.

I understand that the following Ministers have also been asked to back this Bill.

The Prime Minister  
 Mr Secretary Howe  
 Mr Secretary Walker  
 Mr Kenneth Clarke  
 Mr Secretary MacGregor  
 Mr Secretary Channon  
 Mr Secretary Moore.

As the Chancellor may be aware, being counted as a 'Backer' will not involve him in any work on the Bill in the House, where Home Office Ministers will remain responsible for all stages of its progress.

The Home Office are hoping that this Bill will be discussed in Legislation Committee on Wednesday 28 October.

IAE3 Division are content.

I would be grateful if the Chancellor could give consideration to this request, by noon Wednesday 14 October.

*R C Berwick.*

R C BERWICK  
Parliamentary Section

JT

FROM: M E DONNELLY  
DATE: 14 October 1987

- 1. MR MERCER *14/10*
- 2. PS/PAYMASTER GENERAL

cc PS/Chancellor  
~~Mr Lavelle~~  
 Mr Edwards  
 Mr Bonney  
 Mr Mortimer  
 Mr Dyer  
 Miss Bogan

*Ch/Content?*  
*25*  
*OK -* *14/10*

ARRANGED PQ REPORTING ON OUTCOME OF BUDGET COUNCILS

You will wish to report to Parliament on the outcome of the two Budget Councils held during the recess to discuss the 1988 budget.

- 2. I attach a short draft Answer. If you are content, perhaps Parliamentary Section would arrange for the Question to be tabled as soon as the House reassembles.

*Martin Donnelly*  
 M E DONNELLY

5/44

To ask Mr Chancellor of the Exchequer, if he will make a statement of the outcome of the Budget Councils held on 17/18 September and 1 October.

Draft Reply

Further to my answer of 24 July, the Budget Council met on 17/18 September in Brussels and again on 1 October in Luxembourg to resume its discussions on the Commission's preliminary draft budget proposals for 1988. <sup>I represented the United Kingdom.</sup> I continued to make clear that any draft budget established must respect the Community's own resources ceiling. The Council failed to reach agreement on a draft 1988 budget.

Background Note

A copy of the 24 July Parliamentary Answer is attached. The Presidency have at present no plans to call a further Budget Council until after the Copenhagen European Council on 4/5 December.



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~~X~~ EC Budget Council

Sir Anthony Meyer asked the Chancellor of the Exchequer if he will make a statement on the outcome of the recent meeting of the European Community Budget Council.

**Mr. Brooke:** The Budget Council met in Brussels on 23 July. I represented the United Kingdom.

The Council met a delegation from the European Parliament led by Lord Plumb, to hear the Parliament's views on the 1988 budget.

The Council then discussed the Commission's preliminary draft budget proposals for 1988. I made clear that any draft budget established must respect the own resources ceiling. The Council adjourned without reaching any decision on the 1988 budget, and agreed to resume its discussions in September.

DEPARTMENT OF TRANSPORT  
MERCHANT SHIPPING :

LEGISLATIVE PROPOSALS - Cmnd 239

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CORRECTION

Page 5, para 30, line 5

for "persons or companies."

read "persons, or wholly by qualified companies."

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# Merchant Shipping: Legislative Proposals

Presented to Parliament by the Secretary of State  
for Transport by Command of Her Majesty  
October 1987

# Merchant Shipping: Legislative Proposals

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		Extract from a speech by the Rt Hon John Moore MP, Secretary of State for Transport, to the General Council of British Shipping, 10 December 1986.

# Merchant Shipping: Legislative Proposals

## Introduction

1. This paper describes the Government's legislative proposals contained in the Merchant Shipping Bill now before Parliament. In bringing forward these wide-ranging proposals, the Government has the following purposes.
2. **First**, to ensure the highest standards of **maritime safety**. The "Herald of Free Enterprise" disaster has underlined with tragic force the fact that safety at sea can never be taken for granted. In his statement in the House of Commons on 24 July 1987, the Secretary of State for Transport announced the immediate action being taken on certain Recommendations of the Report of the Formal Investigation into the loss of the vessel. Other Recommendations are being studied and discussed with representatives of the shipping and ports industries. Most of the Recommendations can be carried into effect without new primary legislation. But the Government has concluded in the light of the Report that the existing criminal offences concerned with the state of a ship and the manner of its operation should be extended and supplemented: and that a new statutory Marine Accident Investigation Branch, separate from the Department's Marine Directorate and Surveyor General's Organisation, should be established. The Bill makes provision for both.
3. In addition, new arrangements for ship registration in the Dependent Territories will provide an improved framework within which the safety standards applied to ships on those registers can be brought up to the levels required by the main International Maritime Safety Conventions, so that all ships sailing under the British flag meet the same high safety standards. The Bill will deal with the transshipment of hazardous cargoes and make other changes to the laws on ship safety and pollution.
4. **Second**, to ensure that our **strategic requirements** for shipping and for trained seafarers can be met. The Bill makes provision for three initiatives announced last December to be carried forward—financial assistance with training costs and with the cost of flying out crews for ships operating in distant waters, and the establishment of a merchant navy reserve. The assistance proposals are designed to help reverse the decline in the number of merchant navy officer cadets undergoing training, and to make it more attractive for shipping companies to employ British officers and ratings. The aim of the three measures is to help ensure adequate future availability of merchant seamen to meet the commercial and defence needs of the United Kingdom in time of emergency, and to ensure that British-owned ships will in fact be delivered for whatever tasks are placed upon them.
5. **Third**, to bring up to date the law on **ship registration**, which has been little changed since 1894. The main objectives are to achieve more effective jurisdiction over UK-registered ships, and to improve the safety standards of ships registered in the Dependent Territories.
6. **Fourth**, to reform the law on **fishing vessel registration**. Foreign-owned fishing vessels have been registering in the United Kingdom and fishing against quotas allocated to the United Kingdom under the EEC Common Fisheries Policy. The then Minister of Agriculture, Fisheries and Food, the Rt Hon Michael Jopling MP, announced on 8 May 1987 the Government's intention to tighten the law on registration of British fishing vessels, so that any company wishing to register a

fishing vessel in the United Kingdom would have to be largely owned and managed by British citizens resident in this country. The Bill will establish a new system for registering fishing vessels, with stringent new eligibility requirements.

7. **Fifth, to make other amendments and repeals** to maritime legislation. These include stronger powers to take action against unfair competition in shipping services from other countries, and reforms in the law relating to the administration and financing of lights and other general aids to navigation.

## Background

8. The history of these proposals is as follows. First, the Department issued in March 1984 a Consultative Document entitled "Proposals for legislation on ship registration and other matters". The main objectives of those proposals were to modernise the law on ship registration, to achieve more effective jurisdiction over UK-registered ships, and to improve the safety standards of ships registered in the Dependent Territories. The Bill carries forward these proposals on registration, and on other matters, modified in the light of comments made on the Consultative Document and of subsequent developments.

9. Second, there has been concern in recent years about the decline in the shipping tonnage registered in the United Kingdom. An analysis of the past and present condition and performance of the British shipping industry was given in evidence presented by the Department of Transport to the House of Commons Transport Committee on 10 December 1986.<sup>1</sup> It was shown that the problem had its roots in the large surplus in world shipping and shipbuilding capacity and that comparable trends could now be seen in almost all the traditional maritime countries. In a speech to the General Council of British Shipping, also on 10 December 1986, the then Secretary of State for Transport, the Rt Hon John Moore MP, set out the Government's views on the changes that were taking place in British shipping. He explained that the Government's chief concern was to ensure that the industry remained capable of meeting the essential shipping needs of the nation in emergency or war. He went on to announce three initiatives related to that objective—assistance with training and with crew relief costs and the setting up of a merchant navy reserve. The Bill contains the necessary provision for all three schemes to be taken forward.

10. Mr. Moore's speech, an extract of which is at Annex A, also referred to the efforts that the Government was making internationally to strengthen the competitive position of the British industry. Shortly after delivering that speech Mr Moore presided over a meeting of the Council of EEC Transport Ministers which was successful in negotiating a set of Community shipping regulations which will be a vital tool in the fight against protectionism and unfair practices in shipping in other countries. For the most part these regulations do not require any change in UK law, but the Bill does contain certain amendments to earlier Merchant Shipping Acts in order to reflect fully the new powers of the Community in this area.

11. In its Interim Report on the decline of the UK-registered merchant fleet, the House of Commons Transport Committee drew attention to the Government's proposals on the Dependent Territory registers, and to the three initiatives announced on 10 December, and recommended that the necessary legislation for both sets of proposals should be speedily brought before the new Parliament.<sup>2</sup> The Government is pleased to be able to respond to that recommendation by bringing forward these legislative proposals in the first session of the new Parliament.

12. In addition, as noted above, the Bill covers matters arising from the "Herald of Free Enterprise" disaster which require new primary legislation, and makes new arrangements for registering British fishing vessels.

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1. Transport Committee, Session 1986–87, Decline in the UK Registered Merchant Fleet, Minutes of Evidence 10 December 1986 (published by HMSO).

2. Transport Committee, Session 1986–87, Interim Report on the Decline in the UK registered Merchant Fleet, 13 May 1987, HC 94 (published by HMSO).

13. The remainder of this paper describes the Government's proposals in further detail. The clauses referred to are those of the Merchant Shipping Bill as published on its introduction to Parliament.

## Registration of Ships other than Fishing Vessels

14. The present system of ship registration is governed by Part I of the Merchant Shipping Act 1894, which envisages a common scheme of ship registration for all those territories which then formed the British Empire. As the 1984 Consultative Document explained, this is now generally recognised as anachronistic: one of its effects is that the Government has to accept responsibility for enforcing UK maritime law on ships owned by companies which are effectively outside its jurisdiction. A further problem has been that many of the Dependent Territories<sup>1</sup> have not been able to establish and support marine administrations which can administer and enforce the main International Safety Conventions, making it possible for substandard ships to obtain registration as a "British ship" while escaping the rigorous survey and inspection requirements applied to vessels on the UK register. Under the 1894 Act, Dependent Territories have no power to refuse registration to eligible ships, though some have recently taken such powers under local legislation.

15. The new arrangements for ship registration will deal with these problems through amendments to Part I of the 1894 Act. The new system is broadly along the lines proposed in the 1984 Consultative Document. Its main features are as follows.

- Clauses 1 & 2** 16. At present, a ship is defined as a British ship by reference to its ownership. In future, a ship will be defined as a British ship by reference to whether it is registered under the Merchant Shipping Acts. In addition, a small vessel not registered either in the United Kingdom or elsewhere, but owned by qualified persons, will be regarded as a British ship. As now, the term "British ship" will cover both vessels registered in the United Kingdom and those registered in the Crown Dependencies<sup>2</sup> and the Dependent Territories.
- Clause 3** 17. Eligibility to place a ship on the UK register will be redefined, so as to achieve more effective jurisdiction over UK-registered ships. Those qualified to be owners of British ships will be British citizens; certain other categories of individual; and bodies corporate incorporated in the United Kingdom or in a Dependent Territory or Crown Dependency, and having their principal place of business there. Commonwealth citizens and companies will no longer be eligible to register ships in the United Kingdom. It will remain the case that a Commonwealth (or foreign) company or citizen may establish a company in the United Kingdom or a Dependent Territory which would be entitled to register ships in the United Kingdom. Commonwealth citizens will continue to have access to the Small Ships Register set up under the Merchant Shipping Act 1983.
- Clauses 4 & 5** 18. The requirement in present law for a ship owned by qualified individuals or companies to be registered will be replaced by an entitlement to register. (This is a change from the proposals set out in the 1984 Consultative Document, and is the counterpart of the power to refuse registration on the safety and other grounds outlined in the following paragraph.) Where a ship is owned by a qualified individual who is not resident in the United Kingdom, or by a company incorporated in a Dependent Territory or a Crown Dependency which is qualified to place a ship on the UK register but does not have its principal place of business in the United Kingdom, then the ship will only be entitled to register if a "representative person", on whom documents may be served, is appointed in relation to the ship. In certain cases the Secretary of State's consent will also be required. The representative person may be a body corporate. If an individual, he will be required to be resident in the United Kingdom; if a body corporate, it will be required to be incorporated in the United Kingdom.

1. The Dependent Territories with shipping registers are Anguilla; Bermuda; British Virgin Islands; Cayman Islands; Falkland Islands; Gibraltar; Hong Kong; Montserrat; St Helena; and Turks and Caicos.

2. The Crown Dependencies are the Isle of Man; Guernsey; and Jersey.

Kingdom and have its principal place of business there. The representative person may have to meet other requirements prescribed by regulation.

**Clauses 6 & 7** 19. The Secretary of State will have power to direct that a ship should not be registered, where he is not satisfied that the ship is entitled to be registered, or where, having regard to the condition of the ship or to the safety, health and welfare of persons employed on board the ship, it would be inappropriate for it to be registered. The Secretary of State will have similar powers to direct that a ship's registration should be terminated. Failure to maintain a representative person, where required, would affect a ship's eligibility to register, and would thus be grounds for refusing, or terminating, registration.

**Clauses 2, 9, 50 & Schedules 1 & 8** 20. Part I of the 1894 Act as thus amended will apply only to the United Kingdom, though these provisions (like other provisions of the Bill) may be extended to the Crown Dependencies and Dependent Territories. Eligibility to register a ship in a particular Crown Dependency or Dependent Territory will continue to be governed by the existing provisions by Part I of the 1894 Act, as amended by any local legislation, until such time as the provisions in Part I of the Bill are extended to it.

**Clause 10** 21. The Secretary of State will have new powers to define categories of register for the Crown Dependencies and the Dependent Territories, and to assign each dependency or territory to an appropriate category, depending on its needs and on its ability to administer and enforce the relevant International Safety Conventions. The latter will require appropriate local legislation and a suitable marine administration (with, in some cases, field surveys being carried out by the Department of Transport's own surveyors on a repayment basis). Territories in the highest category will be authorised to register all types of ships: territories in other categories will be limited as to the types of ships they can register. When all the necessary arrangements are in place, all the relevant safety conventions will be extended to the Dependent Territories, and all ships under the British flag will be subject to the same safety requirements. In addition the United Kingdom will, as from 1 January 1988, represent the Dependent Territories at the International Maritime Organisation and will pay an increased annual assessment to the Organisation on their behalf. Hong Kong will continue to be an Associate Member of the Organisation, and the People's Republic of China has agreed that the territory will retain that status after 1997.

22. These arrangements differ from the proposals set out in the 1984 Consultative Document in a number of respects. First, the possibility of "cross-registration" within the United Kingdom and the Dependent Territories will continue. The 1984 Document proposed to restrict eligibility to register a ship in the United Kingdom or a Dependent Territory to companies established and having their principal place of business in that particular territory. However, following representations from the industry about the difficulties this might cause, the Government agrees that the facility for a company established in (say) Bermuda to register ships in the United Kingdom should continue, subject to the appointment of a "representative person", on whom documents may be served, in the United Kingdom.

23. Second, the registers of the Crown Dependencies would be dealt with through the categorization arrangements rather than through the creation of a central "British Islands" register as proposed in the 1984 Document.

24. Third, reflecting the 1984 agreement with the People's Republic of China on the future of Hong Kong, and the subsequent agreement in 1986 on principles for the establishment of a modified shipping register in Hong Kong, it is not the Government's intention to apply the categorization arrangements to Hong Kong. The safety standards already applied to ships on the Hong Kong register are, of course, already comparable to those applied to ships on the UK register, and the main International Safety Conventions have already been extended to Hong Kong.

25. Fourth, as already noted, the requirement to register has been replaced by an entitlement to register, and there are new powers to refuse or to terminate registration in certain circumstances.

26. Finally, the Government will not be proceeding at this stage with the proposals in the 1984 Document to centralise and computerise the register of non-fishing



vessels. There will continue to be 112 designated "ports of registry" in the United Kingdom. However, acting under section 4(1)(a) of the Merchant Shipping Act 1894 as amended and the Merchant Shipping (Fishing Boats Registry) (Amendment) Order 1987, and following consultations with the industry, HM Customs and Excise will shortly be proceeding with plans to reduce the number of ports at which registration business can be conducted from 86 to 15. At many ports very little ship registration work is undertaken, and it will make better use of resources for staff trained in that work to operate at 15 key locations.

**Clause 9 & Schedule 1** 27. Amendments to the 1894 Act will be made to provide for ships to be registered otherwise than in register "books": this will allow some records, which at present have to be kept in ledgers, to be kept on computer or on microfiche. As explained in paragraph 35 below, there will be separate arrangements for the new fishing vessel register.

## Registration of Fishing Vessels

28. Part II of the Bill makes provision for a new system of fishing vessel registration, which would replace those at present provided under Parts I and IV of the Merchant Shipping Act 1894, and under the Sea Fishing Boats (Scotland) Act 1886. The objective of these provisions is to deal with the problem of foreign-owned fishing vessels registered or seeking registration in the United Kingdom in order to fish against quotas allocated to the United Kingdom under the EEC Common Fisheries Policy.

**Clauses 11 & 12** 29. A fishing vessel will be defined in terms of its use for or in connection with fishing for sea fish. A vessel used (or intended to be used) for fishing otherwise than for profit, or for conveying persons wishing to fish for pleasure, would not be a fishing vessel for the purposes of this part of the Bill. It will no longer be possible to register a fishing vessel under Part I of the Merchant Shipping Act 1894.

**Clauses 12 & 13 & Schedule 2** 30. A new register of British fishing vessels will be established. A fishing vessel would not be eligible to be registered unless certain ownership and other requirements are met. A fishing vessel would need to be legally owned by one or more qualified persons or companies, and beneficially owned as to at least 75 per cent by qualified persons or companies. A qualified person must be a British citizen resident and domiciled in the United Kingdom. A qualified company must be incorporated in and have its principal place of business in the United Kingdom: at least 75 per cent of the shares must be owned by qualified persons or companies, and at least 75 per cent of the directors must be qualified persons. There will be provision to increase the 75 per cent requirement to a higher percentage, which may be 100 per cent. There will be powers to specify additional eligibility requirements, and to investigate the eligibility of a vessel to be registered. The Secretary of State will be empowered to dispense with the requirement of British citizenship where this would be appropriate in view of the length of time an individual has resided in the United Kingdom and been involved in the UK fishing industry.

**Clauses 14, 15 & 16** 31. Registration will be refused if a vessel is not eligible for registration, or if the vessel lacks valid safety certificates. Where there is doubt whether a vessel is still eligible to be registered as a British fishing vessel, there will be powers to require the production of documents and accounts. Unless the Secretary of State becomes satisfied that the vessel is eligible to be registered, he must serve a further notice and the vessel's registration will terminate. Similarly, there will be arrangements for notice to be served where a vessel is believed to lack valid safety certificates, and for its registration to be terminated if the vessel is not presented for survey. Where the registration of a vessel has been terminated, it will not again be registered as a British fishing vessel unless certain conditions are met.

**Clause 17** 32. At present, the 1894 Merchant Shipping Act provides for a vessel to be divided into 64 shares and for up to five persons to be registered as joint owners of a single share: while the Sea Fishing Boats (Scotland) Act 1886 provides for vessels to be divided into 16 shares. The new register will follow the 1894 Act in providing for division into 64 shares each of which may have up to five joint owners.

**Clauses 18, 19 & 20 &  
Schedules 2 & 3**

33. There will be provision for vessels to be transferred by Bill of Sale and for the recording of mortgages. There will also be provision, a counterpart to the arrangements under Part IV of the 1894 Act for non-title registration, for vessels to be registered as vessels to which the provisions for transfer by Bill of Sale and for the recording of mortgages do not apply. Where the vessel has been sold or otherwise transferred to a new owner the transferee will not be entitled to be registered as owner of the vessel unless the Secretary of State is satisfied that the vessel is eligible to be registered as a British fishing vessel. Where the registration of a vessel terminates by any provision of the Bill, that will not affect any entry made in the register insofar as it relates to any undischarged registered mortgage of the vessel.

**Clauses 21 & 22**

34. There will be a duty on owners to notify the Secretary of State of any changes in ownership of a vessel. If an unregistered fishing vessel is used for fishing for profit, the owner and master and any charterer of the vessel will be guilty of an offence.

35. Administrative arrangements for the new fishing vessel register will be as follows. At present, fishing vessel registers are kept by HM Customs & Excise at 86 ports and by the Department of Agriculture and Fisheries for Scotland at six further ports. (As noted in paragraph 26 above, arrangements are already in hand to consolidate the registration work carried out by HM Customs & Excise at 15 ports.) So that the new ownership requirements can be applied both consistently and effectively, it will be necessary to establish a central register which will be operated by the Registrar General of Shipping and Seamen in Cardiff. The decision to admit a particular vessel to the register would be taken at that office rather than at the port of registry as at present. Although many fishing vessel registrations are already dealt with by mail, and can therefore easily be dealt with from Cardiff, it is recognised that it will be helpful to the fishing industry if arrangements are made for business to be conducted personally at local offices, where necessary. Detailed proposals for local office arrangements will be announced separately. Arrangements will continue to be made for officials to measure and to certify the marking of fishing vessels.

**Clause 12 & Schedule 2**

36. On commencement of this part of the Bill, the existing registers will close to new applications, and as from that date new applications will be made to the new, central register under the new ownership criteria. There will then follow an interim stage during which those vessels on the existing register will be asked to make a "declaration of British ownership" to establish their eligibility to be transferred to the new register. At the end of that transitional period, all transfers to the new register will be completed, the old register will close, and any vessels ineligible for the new register will cease to be British fishing vessels.

## Financial Assistance

**Clauses 25 & 26**

37. The Secretary of State will have new powers to give assistance in respect of training and crew relief costs, two of the three initiatives announced by the then Secretary of State for Transport in his speech on 10 December 1986. The provisions in the Bill take the form of general enabling powers. The details of the schemes for providing assistance are under discussion and will be announced in due course.

38. Government Departments are currently reviewing the arrangements for the training of seafarers with a view to enabling the industry to take greater advantage of existing provision for the funding of education and training, including the Youth Training Scheme. In the meantime, consideration is also being given to ways in which additional assistance can be provided, primarily to help offset the salary costs of cadets currently met by shipping companies. The Government hopes that the assistance will encourage shipowners to take on more cadets and hence reverse the decline in the number of officers being trained. The ultimate aim is to ensure that there will continue to be sufficient merchant seamen available to meet the commercial and defence needs of the United Kingdom.

39. The Government is fully aware that shipping companies face a powerful financial incentive to employ cheaper third world crews. But it is important for the continuing capacity of the UK merchant fleet to carry out its vital functions in time of emergency that sufficient UK ships are manned by British seafarers. The

Government therefore intends to provide assistance towards the cost of flying out and repatriating crews of UK ships operating in distant waters. A scheme will be brought into effect which will compensate ship operators for a proportion of the cost of crew changes made outside the Limited European Trading Area, as defined in Statutory Instrument 1986/1935 (roughly from Bergen to Cadiz). The Government's intention is that assistance should be available in respect of officers and ratings resident in the British Isles serving on ships registered in the United Kingdom, Isle of Man or Channel Islands. The availability of this assistance should make it more attractive to employ British crews, and the Government hopes that shipping companies will take this into account in taking decisions on the crewing and flagging of their vessels.

## Merchant Navy Reserve

- Clauses 27 & 28** 40. The Government is also taking forward the third proposal made by the Secretary of State for Transport on 10 December 1986—the establishment of the Merchant Navy Reserve (MNR). The MNR will be a body of qualified and experienced seafarers who can be called upon to crew merchant vessels in time of tension or war. Arrangements for the operation of the Reserve will be contained in Regulations to be made under the Act. Former seafarers will be invited to join the Reserve. Its members will receive an annual bounty. Membership of the Reserve will carry a legal obligation to serve if called upon to do so, although at other times members will be free to resign without any period of notice. The Reserve should help ensure that in future years there will be sufficient experienced seafarers available in time of emergency to man merchant vessels.

## Safety of Navigation

- Clauses 29, 30 & 31** 41. The Bill will enact a number of amendments and new provisions relating to ship safety and pollution of the sea. Some of these—changes to the law on transshipment and misconduct endangering ships—were first proposed in the 1984 Consultative Document. Others have been included in the Bill as a result of more recent events—agreement on new international conventions on oil pollution compensation and, in particular, the loss of the “Herald of Free Enterprise”.
42. The Report of the Inquiry into the loss of the “Herald of Free Enterprise” concluded that no statutory offence had been committed when the vessel went to sea with its bow doors open. In his statement to the House of Commons on 24 July 1987 the Secretary of State for Transport announced his intention to strengthen the law in this respect. The Bill will achieve this by replacing section 44 of the Merchant Shipping Act 1979 and amending section 27 of the Merchant Shipping Act 1970, and by a totally new clause.
- Clause 29** 43. Section 44 of the Merchant Shipping Act 1979 makes it an offence on the part of the owner and master for a ship to be unfit to go to sea. The replacement for this section changes and extends the grounds on which a ship is considered to be unfit and provides that an offence can lead, on indictment, to imprisonment as well as to an unlimited fine.
- Clause 30** 44. Clause 30 creates an entirely new duty upon shipowners to take all reasonable steps to ensure that ships are operated in a safe manner. The effect of this provision will be to make it possible to take action against the owner of a ship that is operated dangerously, provided that it can be shown that there were steps that he could reasonably have been expected to have taken to prevent it.
- Clause 31** 45. Section 27 of the Merchant Shipping Act 1970 makes it a criminal offence for a master or seaman of a ship registered in the United Kingdom, by deliberate act or omission, or through breach or neglect of duty, to endanger the safety of his ship, its equipment or any individual. This is to be supplemented by a new provision making it an offence for a master or seaman to discharge any of his duties or functions, or to fail to discharge them, in such a way as to endanger the ship etc. In addition, it will be

provided that the duties of the master include general responsibility for the good management and safe operation of the ship, its machinery and equipment. The effect of these changes will be to make it possible to take action against crew members (including the master if his own actions or his general running of the ship were at fault) if they operate the ship or its equipment unsafely. There will be a general defence available, that the crew member concerned took all reasonable steps to avoid the commission of the offence or that the danger could not reasonably have been foreseen or avoided.

46. The revised version of section 27 of the 1970 Act will be extended, with certain exceptions, to apply to masters and seamen serving on foreign vessels when in UK ports or within UK territorial waters. It will also incorporate an amendment proposed in the 1984 Consultative Document to extend the section to cover cases where a master or seaman endangers the safety of ships and structures other than the ship on which he is employed.

## Investigation of Marine Accidents

**Clause 32** 47. Under the Department's present arrangements, the inspectors appointed to investigate accidents at sea are officials of the Surveyor General's Organisation within the Marine Directorate. It can sometimes happen that an accident raises questions about the policy of the Directorate or the actions of members of its staff, and in such cases it would clearly be preferable for the accident to be investigated by someone independent of the Directorate.

48. The difficulty arises in its most acute form at a Formal Investigation, where the Counsel for the Secretary of State, whose task it is to assist the Court in the public interest, has to receive his instructions from officials of the Marine Directorate. It may not always be possible for Counsel for the Secretary of State to represent both the public interest and the interest of the Department at the same time, and in a number of recent cases it has been necessary to appoint separate Counsel to represent the Department. Quite apart from the constitutional anomaly which this implies, the two Counsel have had to receive their instructions from the same organisation. This aspect was referred to in the report of the inquiry into the loss of the "Herald of Free Enterprise", following concern expressed by Counsel for the Secretary of State in that case.

49. The Department's policy of not publishing its inspectors' reports into marine accidents has also led to suggestions that significant facts about an accident have not been made public. Though groundless, such suspicions are further evidence of the awkwardness of the present arrangements.

50. In 1986 the Department published proposals designed to go some way towards meeting these difficulties. An Inspector of Marine Casualties was to be appointed, within the Marine Directorate, and arrangements were proposed for the publication of his more important reports. Following renewed comment on the present arrangements, particularly in the "Herald of Free Enterprise" report, the Government has decided to go further than its original proposals, and to establish a Marine Accident Investigation Branch, under a statutory Chief Inspector of Marine Accidents. This arrangement will be similar to that in the aviation field, where there is a separate Accident Investigation Branch within the Department, quite independent of the regulatory functions of the Civil Aviation Authority and of the Directorate responsible for civil aviation policy.

51. The Chief Inspector will report directly to the Secretary of State, and will not be part of the Marine Directorate. Arrangements will be made for his reports on more important or significant accidents to be published. He and his staff will exercise the same statutory functions as inspectors appointed under the present Merchant Shipping legislation to investigate marine casualties. The arrangements for formal investigations will remain undisturbed.

52. The new clause empowers the Secretary of State to make regulations about a variety of matters including how the Chief Inspector and his branch will carry out

their duties, and the definition of the accidents that the branch will investigate. The intention is that this will include the full range of marine accidents, including occupational accidents and hazardous incidents, as recommended in the "Herald of Free Enterprise" report. Once the new branch has been established, it will be a requirement to report marine accidents to that branch, and not to the Surveyor General's Organisation.

## Liability and Compensation for Oil Pollution Damage

- Clause 33 & Schedule 4** 53. Agreement was reached in 1984 on two international conventions on oil pollution damage—the International Convention on Civil Liability for Oil Pollution Damage and the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage. The Conventions, which have yet to come into effect, will replace earlier agreements provided for in UK law by the Merchant Shipping (Oil Pollution) Act 1971 and the Merchant Shipping Act 1974. They will increase the limits of shipowners' liability for oil pollution damage and increase the compensation available from the International Fund. The scope of the compensation arrangements is also being expanded both geographically and to cover measures taken to deal with the threat of pollution as well as pollution damage itself. The Conventions will be implemented in the United Kingdom by amendment to the existing Acts. The legislation will be brought into effect as and when the new Conventions come into force.

## Ship-to-Ship Transfers

- Clause 34** 54. The 1984 Consultative Document identified a need for statutory powers to regulate the transfer of hazardous cargoes in UK territorial waters. Although ship-to-ship transfers in port authority waters can be controlled under local harbour legislation, no control can be exercised over such transfers elsewhere around our coasts. The Government therefore intends to make regulations to control the transfer of cargoes, stores, bunker fuel or ballast which pose a pollution risk within the territorial seas of the United Kingdom.

## Coast Protection Act 1949

- Clause 35** 55. The Coast Protection Act 1949 provides for the Secretary of State's consent to be required for tidal works which may cause an obstruction or danger to navigation. In deciding whether to grant consent the Secretary of State may at present take account only of the obstruction or danger directly caused by the works. It is proposed that he should also be able to take account of the use to which they may be put and to impose conditions to cover the period after the construction of the works.

## Unfair Competition in International Shipping Services

- Clause 36** 56. The Government is firmly committed to maintaining free and fair competition in shipping services. But the corollary of that commitment is a readiness to take effective action against unfair competition from other countries. The Bill makes a number of amendments to strengthen the powers already available for this purpose under the Merchant Shipping Acts of 1974 and 1979. These will implement the European Community Council Regulation, agreed in December 1986, which provides for co-ordinated action between Member States against restrictive practices by third countries. The effect of these changes will be:
- (i) to extend the power to apply retaliatory action to the carriage of passengers as well as, as at present, goods;
  - (ii) to allow taxes and duties to be levied as well as charges;
  - (iii) to allow taxes, etc, to be levied on cargo instead of only on ships as at present;
  - (iv) to allow action to be taken against countries not recognised as States;

- (v) to allow countervailing powers to be used in the context of informal arrangements with other countries, not just, as at present, where there is a formal agreement such as a Treaty; and
- (vi) to provide for countervailing powers undertaken only for the purpose of implementing a Community obligation under the EC Regulation to be exempt from Parliamentary approval, since proposals for EC Council decisions are already subject to Parliamentary Scrutiny Committee procedures.

## Administration of Lighthouses and Other Navigational Aids

### Clauses 37, 38 & 39 & Schedules 5, 6 & 7

57. The Bill overhauls certain aspects of the legislation dealing with the administration of lighthouses, which largely dates back to the last century. The objectives are to allow the general lighthouse authorities (GLAs) to act more flexibly with a view to reducing the costs met by light dues charged to shipping; to amend the powers for borrowing; to make provision for the General Lighthouse Fund (GLF) to fund future commitments under a possible international agreement to set up a regional Loran C electronic aid to navigation in North West Europe; and to remove uncertainties in the existing statute.

58. The changes introduced by the Bill will enable the GLAs (Trinity House, the Northern Lighthouse Board and the Commissioners of Irish Lights) in future to act jointly in discharging their functions. This will facilitate a greater degree of flexibility in the GLAs' operations and the sharing of staff and physical assets. The law as to the expenses of the GLAs which may be properly charged to the GLF will be clarified. In addition, the existing borrowing powers relating to lighthouse expenditure will be modernised and extended. The Bill re-enacts in modern form the Secretary of State's power to mortgage the GLF for capital expenditure purposes, and gives him a new reserve power to borrow for current expenditure purposes to ensure the GLF can meet its liabilities in the event of unforeseen contingencies. It also provides a new power for the GLAs to borrow for capital purposes with the Secretary of State's consent. All these borrowing powers will also be subject to the consent of the Treasury. Hitherto substantial liquid funds have been retained in the GLF to safeguard against contingency risks, and the new borrowing powers will enable the Secretary of State to review, with the Lights Finance Committee, what appropriate reduced level of liquid funds should be retained in future.

59. There will be provision for the GLF to meet expenses which the Secretary of State may incur in connection with a possible future international agreement to develop the Loran C system as a civil electronic aid to navigation in North West Europe. The Bill further provides for the GLF to reimburse the Secretary of State for costs he currently incurs in administering the fund.

60. Under other reforms in the Bill, the GLAs will be given powers to recover the expenses of wreck removal from vessel owners, similar to powers already available to harbour authorities. Trinity House's responsibility for the light at Europa Point, Gibraltar, will be repealed in the event of the 1974 SOLAS Convention being extended to Gibraltar. The GLAs will be empowered to appoint more than one collecting agent for light dues at a port. The requirement to deposit in Parliament the reports on the GLAs' inspections of local aids to navigation will be repealed, as will the need for Orders in Council to regulate the numbers and salaries of the GLAs' establishments.

## Inquiries

### Clauses 40 & 41

61. Section 37(4) of the Merchant Shipping Act 1979 provides that the person holding an inquiry into the fitness or conduct of an officer under the Merchant Shipping Act 1970 shall have the powers of an Inspector in the Department of Transport. As was pointed out in the 1984 Consultative Document, these powers have in practice been found to be inappropriate. Persons holding inquiries will therefore be given powers similar to those available to a magistrate, to administer oaths and to issue summons to require any person to give evidence or produce documents. There will also be powers of arrest if such a person refuses to attend.

## Crew Agreements

- Clause 42** 62. At present the law requires that all wages due to a seaman on termination of a crew agreement must be paid as soon as he is discharged. In practice most crew agreements now provide for payments at regular intervals, usually of a month. The Bill will provide a legal basis for regular payments and, in such cases, will allow for wages due on termination of the agreement to be paid no later than the date on which the next payment would have fallen. Payments additional to basic wages will have to be paid by the end of the subsequent pay interval. Companies will also be required to provide an account of wages and deductions due on termination in cases where wages are paid at regular intervals.

## Other Amendments

- Clauses 43 & 51 & Schedules 5, 6 & 7** 63. The Bill includes other minor amendments and repeals to bring up to date certain miscellaneous provision in existing merchant shipping legislation. The first two of these were proposed in the 1984 Consultative Document; others have been added in the light of more recent developments.
64. Their effect will be:
- (i) to provide for the quantum of costs in inquiries into shipping casualties to be taxed in the High Court so that the Wreck Commissioner no longer needs to assess costs. (The allocation of costs between the parties will remain a matter for the Commissioner.);
  - (ii) to discontinue the Department of Transport's function as an arbiter in disputes about wages and conditions of service;
  - (iii) to extend the conditions under which a prohibition notice may be served under the Merchant Shipping Act 1984 in respect of activities involving a risk of serious personal injury or pollution;
  - (iv) to repeal section 463 of the Merchant Shipping Act 1894 allowing a defence against desertion for seamen forced to go to sea in unseaworthy ships. (Desertion is no longer a criminal offence.);
  - (v) to repeal sections 65 and 66 of the Merchant Shipping Act 1970 which provide for the Secretary of State to make regulations about the disposal of property and recovery of wages of deceased seamen. (The last of these regulations were revoked in 1983 and these functions are now carried out by employers.);
  - (vi) to amend section 30 of the Merchant Shipping Act 1970 to restrict offences of neglect of duty or disobedience to cases where a hazard to safety has resulted. (This provision will meet a Council of Europe recommendation that neglect of duty or disobedience alone should not be a criminal offence.); and
  - (vii) to allow the removal of the powers enabling foreign Consular Officers to apply to a Court in the United Kingdom to have foreign seamen deserters arrested and returned to their ships. (These powers are now in practice never used.)

EXTRACT FROM A SPEECH BY THE RT HON JOHN MOORE MP,  
SECRETARY OF STATE FOR TRANSPORT, TO THE GENERAL COUNCIL OF  
BRITISH SHIPPING, 10 DECEMBER, 1986

After reviewing the current trends affecting both UK and international shipping, possible responses, and the role of Government in maintaining free and fair trading conditions and safety standards, Mr Moore said:

All of these activities are geared to supporting the British merchant fleet, but the role of Government here is not different in character from that which it performs in relation to other industries. We quite deliberately do not take a view of what should be the size or shape of the industry in peace-time.

Our functions in respect of shipping in war or emergency are altogether different. Our strategic needs for shipping are threefold: direct support of the Royal Navy and the Army; civil supply to the United Kingdom; and our contribution to the rapid reinforcement of Europe.

On direct support, the Ministry of Defence have clearly defined the needs of the armed forces in times of emergency, and war. We are committed to meeting those needs. Measures are taken to meet gaps as they appear. As an example: the reduction in our deep-sea trawler fleet has meant that we must look to off-shore support vessels, suitably modified, for use as auxiliary minesweepers. The Royal Navy is also now prepared to use larger tankers for refuelling at sea than it was, and for some of those vessels to be registered in dependent territories.

The civil supply and reinforcement situation is much more complicated. NATO has a long-standing agreement to pool its merchant shipping in war, and the ability to meet wartime civil supply needs must therefore be assessed in NATO terms. As well as uncertainty about future NATO merchant fleet developments, calculating what the demand for imports would be during a future war is difficult, and NATO has not hitherto made an assessment of the balance of supply and demand for civil shipping during a war. Preliminary work on this is now in hand, and the importance of the availability of merchant shipping is recognised by all NATO members. In October NATO's Planning Board for Ocean Shipping prepared a special report for the NATO Council on the matter. The Board considered steps that might be taken to improve the availability of adequate shipping capacity.

First the Board considered ways in which the available ships could be used for maximum efficiency. The main possibility here, is the provision of special equipment to make containerisation more suitable for the carriage of non-containerised cargoes.

Secondly, the Board recommended that nations should consider the acquisition of legal powers or other means by which flagged out vessels under the control of owners within the Alliance could be made available to Member States in time of emergency. That is a matter to which we have already given considerable attention. It is partly a matter of UK legal powers, partly for the other States concerned . . .

Thirdly, the Board recognised that the use of non-NATO flagged shipping resources raised the question about whether crews of other nationalities could be relied upon to serve on ships employed by Alliance members in an emergency. This is indeed an important point, and one that has often been made. At the moment there are of course more trained UK officers and ratings than are needed on UK registered ships, and many flagged-out ships continue to have UK crews, particularly officers. Two questions remain. First, could we find those with experience quickly enough in an emergency? Secondly, would sufficient officers and ratings be trained in future to man ships not on the UK registry? . . .



I can now announce *three* initiatives we shall be pursuing.

The first is the establishment of a Merchant Navy Reserve, the objective being to provide a pool of experienced seafarers in time of need. Such a step will naturally require Parliamentary approval and enabling legislation. I intend immediately to invite the Council and the seafaring unions to give me their views on what the form and duties of such a Reserve might be. My preliminary views, and I emphasise they are preliminary, is that the provisions could be very simple: a declaration of willingness to serve, an address, and an annual bounty.

The second measure concerns the training of seafarers. A Reserve depends upon there being officers and ratings in excess of current needs and that in turn depends upon training. There must be doubt as to whether the UK shipping industry will continue to train enough seafarers even for the ships that stay on the UK registry. Training of seafarers is therefore a further area in which the Government is considering action. Legislation will be needed for this. I propose to open discussions immediately. Since I think it likely that any assistance would be channelled through the shipping companies who have hitherto undertaken training and also through management companies, I intend to approach them direct. But I shall of course consult the seafaring unions, and am very willing to have collective discussions with the Council. I see assistance from the Government in this matter as being primarily financial.

I do not underestimate the difficulties we could face in encouraging young people to come forward for training at sea in the circumstances in which the industry is placed. The calculation of the maximum number of trainees the Government would be prepared to support in any year is a complex question which is going to need further study.

The third measure concerns the competitiveness of UK flag vessels. The NATO Planning Board stressed the importance of nations keeping in mind the strategic value of national flag fleets. I have already ruled out incentives to investment. General subventions to operating costs raise similar difficulties. To have any certain and substantial effect, they have to be enormous; nor does the Government believe it would be right to re-introduce personal tax concessions for seafarers. However, the Government has decided to pursue one specific area, in which UK vessels and UK crews are at a competitive disadvantage with other nations. We have had very much in mind the need to focus assistance on those operators who are prepared to continue employing British officers and ratings in the deep-sea trades. Clearly the more nationals there are aboard UK vessels the greater will be the certainty that those vessels will be made available promptly for service in war time. Again, if a suitable scheme can be formulated and the necessary legislation introduced the Government would be willing to introduce operational assistance in respect of the costs of flying relief crews out and flying returning crews back from ships on the UK and the Crown Dependency Registers which operate for a long time away from the UK. Travel costs can be substantial—as much as 10% of crew costs—and do not fall to those who operate ships with third world crews, at least to nothing like the same extent. I shall therefore have discussions with the Council about the possible extent and conditions of such a subsidy . . .

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*CIR 19/10*

FROM: D I SPARKES

DATE: 16 October 1987

*cer  
16/10*

- 1. MISS EVANS
- 2. MR SCHOLAR
- 3. CHANCELLOR

*Mrs 19/10*

cc Parliamentary Clerk

*OK  
M.*

LETTER FROM JOHN BROWNE MP

John Browne MP wrote to the Chancellor to say that he had drawn number 12 in the ballot for Private Members Bills and asking if there was any short Treasury bill he might introduce.

2. We have consulted Treasury divisions and the Revenue Departments but they have no suggestions.

3. I attach a draft reply to Mr Browne declining his offer.

*D.I.S.*

D I SPARKES

*Bill*

*B.S. I have  
had right  
a copy. I will  
so with  
you.*

~~DRAFT~~ REPLY FROM CHANCELLOR TO JOHN BROWNE MP

Thank you for your letter of 22 September.

I am afraid that the Treasury has no short bills which would be suitable for you to introduce as a Private Member's Bill.

I am nevertheless grateful to you for writing.

4520.

From: JOHN BROWNE, MP



HOUSE OF COMMONS

LONDON SW1A 0AA

22nd September 1987

Rt Hon Nigel Lawson MP  
HM Treasury  
Treasury Chambers  
Parliament Street  
London SW1

received in FP 29/9.

CHANCELLOR'S PARLIAMENTARY OFFICE	
Action	MISS C EVANS.
Copies	
To	

Dear Mr Lawson

I have drawn number 12 in the ballot for Private Members Bills and wondered if there were any short bills I may introduce which would meet the wishes of your Department.

Yours sincerely

JOHN BROWNE

Mr Spence  
to see my  
minutes

Go on in  
on 2nd Reading.

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the 9th  
B.M.

24 - part of ...  
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CONFIDENTIAL



*purp*

**FROM:** B O DYER  
**DATE:** 21 October 1987

**CHANCELLOR**

**cc** Chief Secretary  
Financial Secretary  
Paymaster General  
Economic Secretary  
Mr Culpin  
Mr Cropper  
Mrs J Thorpe

**CABINET : THURSDAY 22 OCTOBER 1987**  
**PARLIAMENTARY AFFAIRS**

Following is the business, currently, proposed for the Commons next week:

**Monday 26 October**

2.30pm: Welsh Questions

3.30pm: **Opposition 1st Allotted Day** (subject to be announced)**Tuesday 27 October**

2.30pm: Social Services Questions

3.15pm: PM's Questions

3.30pm: Debate on the **Defence Estimates** (Day 1)**Wednesday 28 October**

2.30pm: Trade and Industry Questions

3.30pm: Debate on the **Defence Estimates** (Day 2)**Thursday 29 October**2.30pm: **Treasury Questions** (C/Ex, CST, FST, EST)

3.15pm: PM's Questions

3.30pm: Debate on the **Scottish Economy****Friday 30 October**

9.30am: [Motion for the Adjournment (subject to be settled).]

A handwritten signature in black ink, appearing to read 'B. O. Dyer'.

**B O DYER**  
**PARLIAMENTARY CLERK**



*PRP*

FROM: J D FARMER  
DATE: 22 October 1987

PAYMASTER GENERAL ✓

**PRP : REPORTS ON TAKE-UP**

1. You will be interested to have a brief report on early experience with the introduction of PRP, and to know how we propose - if you are content - to report periodically on progress in registering PRP schemes.
2. Applications for registration. By mid-October, 204 formal applications for the registration of PRP schemes had been received by the PRPO. As a result, 89 schemes had been registered; 17 applications had been rejected, and 98 had been queried in one or more respects.
3. Rejections were due to applications being late, or to errors evident from information given on or with the application form. Queries raised related for the most part to failures to complete the application form properly, but a significant number derived also from employers' evident difficulties in understanding or in accepting the basic PRP requirements.

---

c Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Mr Monck  
Mr Scholar  
Mr R Allen  
Mr P Gray  
Mr Wynn Owen

Mr Isaac  
Mr Beighton  
Mr Lewis  
Mr Bush  
Mr Eason  
Mr Farmer  
Mr O'Hare  
Miss McFarlane  
Ms Dougharty  
Mr Donne  
Mr Fraser  
Mr Collen  
PS/IR

4. Enquiries. Apart from handling applications, the PRPO - and we in Policy Division here - are handling a very considerable number of enquiries about the new legislation and how it is to be administered, from a variety of representative bodies, advisers (accountants, solicitors, management consultants etc), and individual employers. These questions range widely, and to a large extent reflect the fact that these are very early days - the Guidance Notes were published only 7 weeks ago - and so for the most part they reflect lack of comprehension rather than actual difficulties. Some general impressions are:

a. 'independent accountants' are somewhat reluctant to accept the responsibility of providing their opinion, in applications for registration, that schemes comply with the legislation;

b. employers with existing profit- or performance-related bonus schemes are resentful of the fact that without substantial change these are unlikely to qualify for registration, and for operation of the new tax relief (this reaction was, of course, always expected from the 'dead-weight' sector);

c. misapprehensions over the deadlines for applications and registrations may now largely have been allayed;

d. the legislation is so far standing up fairly well to employers' and practitioners' study, though there are a few areas where detailed interpretation is proving necessary (eg the nature of the 'similar terms' requirement for pool distribution to employees);

e. there are suspicions in the PRPO that already some schemes may have been registered on the basis of employers' and independent accountants' declarations/ opinions which have been given either irresponsibly or



based on a misunderstanding of the legislative requirements. If and when it becomes apparent - perhaps from annual returns in 18 months' time - that this is the case, there could be a substantial number of candidates for cancellation of registration with retrospective effect;

f. considerations of this kind are influencing us in the difficult line we have to draw between (i) helping comprehension and take-up of PRP by explaining the legislation, dealing with enquiries, commenting on consultants' model schemes etc, and (ii) preserving the character of PRP as a self-certified, employer/accountant-operated facility where the requirement for formal Revenue involvement in administration is initially confined to mere registration, not formal approval of a scheme).

5. Guidance Notes. More than 35,000 copies of these have now been issued to a mailing list of over 25,000. The latter has increased by about 1,000 since the beginning of this month.

6. Seminars/meetings. We continue to participate in seminars and conferences on PRP, and to meet representative bodies, consultants and individual employers on particular issues relating to PRP.

7. Reports on take-up of registered PRP schemes. We have considered what it might be possible to provide to Ministers in the way of periodic reports on PRP take-up. While we are constrained, of course, by the limited information to be provided on Application for Registration forms, a variety of salient features of take-up could be reported. Accordingly we propose a periodic report to you, copied to other recipients of this note, on the lines of the attached two tables (the figures shown on these drafts are purely illustrative).

8. As you know, we submit quarterly and annual reports to Ministers on approvals and the operation (respectively) of employee share schemes. In these early days at least of PRP, we imagine you will look for more frequent up-datings than this, and we would therefore propose to offer you the tables by about the middle of each month (subject to possible delays in establishing the necessary computing systems, we hope to let you have the first report in mid-November), made up to the end of the previous month. A brief note on the nature of the estimate of the amount of prospective PRP would be provided with the first tables.

9. We may of course be able to venture guesstimates on some other aspects not covered in these tables (eg a split between PLC employers and others, types of businesses, planned duration of schemes, "currently unapproved schemes in operation" etc). Since this material is not so central to an appreciation of progress, and is likely in any event to be relatively uncertain, we suggest its regular provision would not be worthwhile. In due course it will be necessary to take account in the tables proposed of cancelled and expired registrations. Later too, different sorts of report may be appropriate to inform you of the messages coming out of annual reports on the actual operation of schemes, and of the numbers of replacement schemes registered.


10. Publicity for take-up of PRP. Early figures of PRP take-up are not dramatic, and we suggest there is no case, at least yet, for volunteering information in the form of a Press Release. But we are receiving enquiries about the level of take-up, and suggest we must soon answer with figures. Pending submission of the first of our proposed monthly tables, we suggest answers confined to the number of schemes registered. Thereafter, in line with our practice on employee share scheme approval, we suggest we might release any of the information contained in these tables in response

to enquiries - though not the tables themselves. The only exception might be the "Estimated amount of prospective PRP" figures, which would probably best be withheld.

Conclusion

11. We invite you

- to note the brief report on experience in our administration of PRP to date (paragraphs 2-6 above);
- to approve the form and regularity of the reports we propose to submit to you on PRP take-up (paragraphs 7-9 and attached tables);
- to approve our answering enquiries about PRP take-up (paragraph 10 above).

  
J D FARMER

Encls.

DRAFT

Applications for registration of PRP Schemes (cumulative figures)

	Number of applications for registration	Number of applications rejected	Number of applications subject to outstanding queries	Numbers of applications not yet considered	Number of schemes registered
<u>1987</u>					
31 October	50	5	15	10	20
30 November	80	8	5	7	60
31 December	100	9	6	10	75
<u>1988</u>					
31 January	140	9	3	23	105

(Figures are illustrative)

DRAFT

**Features of registered PRP schemes (cumulative figures)**

	<u>31 October</u> <u>1987</u>	<u>30 November</u>	<u>31 December</u>	<u>31 January</u> <u>1988</u>
Total number of registered schemes	20	60	75	105
Total employee participants	14,920	39,700	120,800	141,700
Estimated average earnings of employee participants (£ pa)	11,100	11,000	11,200	11,150
Distribution of PRP annual				
- number of schemes	18	45	60	80
- number of employee participants	14,800	35,000	102,000	118,000
Distribution of PRP more frequent than annual				
- number of schemes	2	15	15	25
- number of employee participants	520	4,700	18,800	23,700
Method A - number of schemes	20	50	60	62
Method B - number of schemes	-	10	15	43
Estimated amount of prospective PRP £'M	8	22	68	95

(Figures are illustrative)

FROM: MISS M P WALLACE  
DATE: 23 October 1987

MR HUDSON

cc PS | CST  
PS | FST  
PS | PMG  
PS | EST  
Mr Turnbull  
Mr Gieve  
Miss O'Mara  
Mr Pratt

FIRST ORDER PQs: PUBLIC EXPENDITURE

I attach draft answers (on the "holding reply" scenario) and notes for supplementaries for the questions from Mrs Ruddock and Messrs Patchett, McAllion, McLeish, Graham and Livingstone.

We will let Parliamentary have the folders first thing on Monday.

Moir Wallace

*Andrew**20*

CHANCELLOR

FROM: A G TYRIE

DATE: 27 OCTOBER 1987

cc Chief Secretary  
 Financial Secretary  
 Paymaster General  
 Economic Secretary  
 Mr N Forman  
 Mr T Favell  
 Mr D Heathcote-Amery  
 Mr M Stern  
 Mr P Cropper  
 Mr M Call

*Amery*

The attached Chris Smith column might just be of use for First Order PQ's.

*computer**AGT*

A G TYRIE

*C.*

1. Many apologies - this got buried in my tray - I failed to pass it on before Thursday's First Order Questions. I'm not sure it is in fact immediately usable, though worth keeping on the stocks.
2. I assume quoting X would be unparliamentary.

*AGT**1.11.*

CONFIDENTIAL



FROM: B O DYER  
 DATE: 28 October 1987

CHANCELLOR

cc Chief Secretary  
 Financial Secretary  
 Paymaster General  
 Economic Secretary  
 Mr R I G Allen  
 Mr Cropper  
 Mrs J Thorpe

**CABINET : THURSDAY 29 OCTOBER 1987**  
**PARLIAMENTARY AFFAIRS**

Following is the business, currently, proposed for the Commons next week:

Monday 2 November

2.30pm: Energy Questions  
 3.20pm: Civil Service Questions (Mr Luce)  
 3.30pm: **Social Security Bill: Second Reading**

Tuesday 3 November

2.30pm: Education and Science Questions  
 3.15pm: PM's Questions  
 3.30pm: **[Autumn Statement (C/Ex)]**  
**Employment Bill: Second Reading**

Wednesday 4 November

2.30pm: Environment Questions  
 3.30pm: **Norfolk and Suffolk Broads Bill: Report and Third Reading**  
**Urban Development Corporations (Financial Limits) Bill: Second Reading**

Thursday 5 November

2.30pm: Home Office Questions  
 3.15pm: PM's Questions  
 3.30pm: Business Statement (LPS)  
 3.50pm: **European Community Scrutiny Debates**  
 (developments in the EC and future financing)  
 Mrs Lynda Chalker (FCO) to open for the Govt. with the PMG winding up

Friday 6 November

9.30am: **Debate on the Adjournment** (subject to be decided; currently, no question of it being a Treasury topic).

B O DYER



ORALTHURSDAY 29 OCTOBER 1987TREASURY

La - Dundee East

\* **MR JOHN McALLION** : To ask Mr Chancellor of the Exchequer, if he will estimate the public spending planning total for 1987-88 and 1988-89.

DRAFT REPLY

The public expenditure planning totals for 1987-88 and 1988-89 which were set in the Public Expenditure White Paper Cm56, were £148.6 billion and £154.2 billion respectively. The first estimate of outturn for 1987-88 and the planning total for 1988-89 and future years will be published in the 1987 Autumn Statement which, with the Speaker's permission, I propose to present to this House next Tuesday.

*Moira Wallace*

MISS M P WALLACE  
GEPI x5523

*J. Gieve*

E J W GIEVE  
GEPI x 4780

ORALTHURSDAY 29 OCTOBER 1987TREASURY

La - Fife Central

\* **MR HENRY McLEISH** : To ask Mr Chancellor of the Exchequer, if he will estimate the public spending planning total for 1987-88 and 1988-89.

DRAFT REPLY

The public expenditure planning totals for 1987-88 and 1988-89 which were set in the Public Expenditure White Paper Cm56, were £148.6 billion and £154.2 billion respectively. The first estimate of outturn for 1987-88 and the planning total for 1988-89 and future years will be published in the 1987 Autumn Statement which, with the Speaker's permission, I propose to present to this House next Tuesday.

*Moir Wallace*

**MISS M P WALLACE**  
GEPI x5523

*J. Gieve*

**E J W GIEVE**  
GEPI x 4780

ORALTHURSDAY 29 OCTOBER 1987TREASURY

La - Brent East

\* **MR KEN LIVINGSTONE** : To ask  
Mr Chancellor of the Exchequer, if he will estimate the public  
spending planning total for 1986-87 and 1987-88.

DRAFT REPLY

The public expenditure planning total outturn for 1986-87  
is estimated to be £139.4 billion. The figure for planned  
expenditure in 1987-88 shown in the 1987 Financial Statement  
and Budget Report was £148.6 billion. The first estimate of  
outturn for this year will be shown in the 1987 Autumn  
Statement.

*Moir Wallace*

**MISS M P WALLACE**  
GEPI ext 5523

*Jr. Gieve* **E J W GIEVE**  
GEPI ext 4780

ORALTHURSDAY 29 OCTOBER 1987TREASURY

La - Renfrew West and Inverclyde

\* **MR THOMAS GRAHAM** : To ask Mr Chancellor of the Exchequer, if he will estimate the public spending planning total for 1987-88 and 1988-89.

DRAFT REPLY

The public expenditure planning totals for 1987-88 and 1988-89 which were set in the Public Expenditure White Paper Cm56, were £148.6 billion and £154.2 billion respectively. The first estimate of outturn for 1987-88 and the planning total for 1988-89 and future years will be published in the 1987 Autumn Statement which, with the Speaker's permission, I propose to present to this House next Tuesday.

*Miss Wallace*

**MISS M P WALLACE**  
GEPI x5523

*Mr. Gieve*

**E J W GIEVE**  
GEPI x 4780

ORAL

THURSDAY 29 OCTOBER 1987

TREASURY

La - Lewisham, Deptford

\* **MRS JOAN RUDDOCK** : To ask  
Mr Chancellor of the Exchequer, if he will estimate the public  
spending planning total for 1987-88 and 1988-89.

DRAFT REPLY

The public expenditure planning totals for 1987-88 and 1988-89 which were set in the Public Expenditure White Paper Cm56, were £148.6 billion and £154.2 billion respectively. The first estimate of outturn for 1987-88 and the planning total for 1988-89 and future years will be published in the 1987 Autumn Statement which, with the Speaker's permission, I propose to present to this House next Tuesday.

*Miss M P Wallace*

**MISS M P WALLACE**  
GEP1 x5523

*Js. Gieve*

**E J W GIEVE**  
GEP1 x 4780

CONFIDENTIAL



**FROM:** B O DYER  
**DATE:** 4 November 1987

**CHANCELLOR**

**cc** Chief Secretary  
 Financial Secretary  
 Paymaster General  
 Economic Secretary  
 Mr R I G Allen  
 Mr Cropper  
 Mrs J Thorpe

**CABINET : THURSDAY 5 NOVEMBER 1987**  
**PARLIAMENTARY AFFAIRS**

Following is the business, **currently**, proposed for the Commons next week:

Monday 9 November

2.30pm: Transport Questions

**Licensing Bill: Second Reading**

EC debate on Free Food for the Needy

Tuesday 10 November

2.30pm: Defence Questions

3.15pm: PM's Questions

3.30pm: Ten Minute Rule Bill

(Data Protection Act 1984 (Amdt): Mr Harry Cohen)

**Opposed Private Business:** Felixstowe Dock and Railway Bill

(likely to last through the night)

Wednesday 11 November

2.30pm: Scottish Questions

3.15pm: PM's Questions

3.20pm: Ten Minute Rule Bill

(Sale of War Toys (Prohibition): Mr Tony Banks)

**Opposition 3rd Allotted Day** (subject to be announced)Thursday 12 November

2.30pm: Northern Ireland Questions

3.15pm: PM's Questions

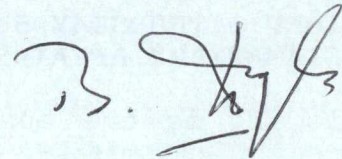
3.30pm: Business Statement (LPS)

**Approval of various DHSS Orders:** Income Support, Benefits Up-rating, Claims and Payments

Friday 13 November

9.30am: **Private Members' Motions**

1. Mr Ivor Stanbrook: The Commonwealth and South Africa
  2. Mr Ken Eastham )
  3. Mr Sydney Chapman )
- subject to be announced



**B O DYER**  
**PARLIAMENTARY CLERK**

5/11/87

Dear Chancellor

Felixstowe Dock Railway Bill

Apologies for troubling you with the enclosed (sent to all Conservative M.P.'s)

But there has been a totally irrelevant yet very determined filibuster by Labour; & any indirect help you can give to the quite outstanding Dock Company team would be greatly appreciated.

[May I also - while writing - congratulate you warmly on your brilliant B.P. solution; & as a dedicated & dry Conservative on your entire handling of our financial affairs at this difficult time.]

Sincerely

John Bradfield



TRINITY COLLEGE

CAMBRIDGE

CB2 1TQ

TEL. 338400

Dear Mr Lawson

5th November, 1987

Felixstowe Dock and Railway Bill

As you may be aware Trinity College, Cambridge, has an important interest in this Bill as owners of the land principally affected. I venture to write on behalf of the College to ask for your support in a vital debate on which the fate of the Bill depends. The debate is due to take place on Tuesday, 10th November, beginning at 7 p.m. and possibly continuing late into the night. The reasons for seeking your help are as follows.

Felixstowe is Britain's leading container port - conducting major trade with all continents of the world. It has the support of a substantial and flourishing parent, P & O. It enjoys excellent relations with its employees - who hold the world record for speed of container handling (and incidentally they have greatly assisted development of advanced British container cranes for home use and for export, which has helped employment prospects in various parts of the Midlands and North). It is exceedingly busy. It has expanded to the geographical limits imposed by previous Acts. The passage of this Bill (which would extend its limits) is vital to ensure that it has scope for further moderate expansion - and hence a reasonable chance of helping to maintain Britain's container-port position relative to the heavily subsidised competing ports on the Continent. Extensive and varied environmental safeguards have been negotiated.

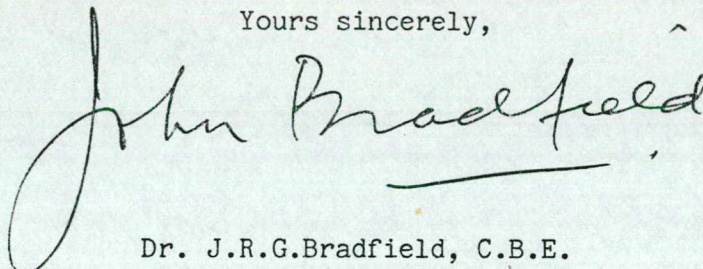
Trinity College continues to support the Bill; and to regard itself as committed to make land available, not only for Dock development, but also for landscaping and a nature reserve, etc. - on lines which have been agreed in the course of long and detailed discussions between the Dock Company, the College, the Local Authorities and other interested parties.

In connection with the agricultural land potentially concerned, the extension of such an outstanding Port, combined with the landscaping and nature reserve proposals, would represent eminently sensible diversification of use in line with current policy for agricultural land.

Finally I might perhaps repeat that any ultimate net financial benefit derived by the College from Dock expansion would be applied not for any personal private gain, but to provide valuable support for education and research in Cambridge and elsewhere, and for further development of the Cambridge Science Park (which was created by the College). This is not to be regarded as a primary argument for the Bill (which must of course be considered on its intrinsic merits); but it is perhaps a relevant ancillary comment when great efforts are being made to increase financial help for advanced education and research and for university/industry liaison.

As one who has admired over several decades the outstanding performance of the Port of Felixstowe, I earnestly hope that it may receive the further support which its great past achievements justify.

Yours sincerely,



John Bradfield

Dr. J.R.G. Bradfield, C.B.E.  
Senior Bursar

CONFIDENTIAL



**FROM:** B O DYER  
**DATE:** 11 November 1987

CHANCELLOR

**cc** Chief Secretary  
 Financial Secretary  
 Paymaster General  
 Economic Secretary  
 Mr R I G Allen  
 Mr Cropper  
 Mrs J Thorpe

**CABINET : THURSDAY 12 NOVEMBER 1987**  
**PARLIAMENTARY AFFAIRS**

The Business for the Commons next week is in a state of some flux, due to the loss of today's business (Wednesday 11 November). Currently, my crystal ball suggests the following programme:

Monday 16 November

- 2.30pm: Welsh Questions
- 3.30pm: **Consolidated Fund Bill:** Remaining Stages (**Formal**)
- 3.35pm: **Immigration Bill: Second Reading**

Tuesday 17 November

- 2.30pm: Employment Questions
- 3.15pm: PM's Questions
- 3.30pm: Ten Minute Rule Bill  
 (Road Traffic Random Breath Testing: Roland Boyes)
- 3.40pm: **Opposition 3rd Allotted Day** (subject to be announced)  
 [Debate on Committee of Selections recommendations  
 on the **Membership of Departmental Select Committees**]

Wednesday 18 November

- 2.30pm: Foreign and Commonwealth Questions
- 3.30pm: Ten Minute Rule Bill  
 (Coal Mining Subsidence: Alan Meale)
- 3.40pm: **European Community Scrutiny Debates** (developments in the EC and future financing) Mrs Lynda Chalker to open for the Govt. with the **PMG** winding up

Thursday 19 November

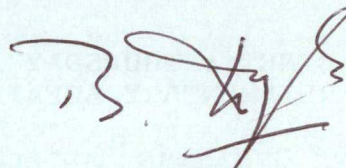
- 2.30pm: Agriculture Questions
- 3.15pm: PM's Questions
- 3.30pm: Business Statement (LPS)
- 3.50pm: **Approval of two DHSS Orders:** Family Credit and Housing Benefit

PTO

Friday 20 November

9.30am: **Private Members' Motions**

1. Mr Kevin Barron - Effect of Govt. Policy in Coalfield Communities
  2. Mr Andrew Mitchell )
  3. Mr John Heddle )
- subject to be announced



**B O DYER**  
**PARLIAMENTARY CLERK**

CONFIDENTIAL



**FROM:** B O DYER  
**DATE:** 18 November 1987

**CHANCELLOR**

**cc** Chief Secretary  
 Financial Secretary  
 Paymaster General  
 Economic Secretary  
 Mr R I G Allen  
 Mr Cropper  
 Mrs J Thorpe

**CABINET : THURSDAY 19 NOVEMBER 1987**  
**PARLIAMENTARY AFFAIRS**

Following is the business, **currently**, proposed for the Commons next week:

**Monday 23 November**

- 2.30pm: Energy Questions  
 3.20pm: Civil Service Questions (Mr Luce)  
 3.30pm: **Opposition 4th Allotted Day** (Liberal Party : Reform of Parliament for Scotland)  
 10.00pm: **Scottish Development Agency Bill:** Remaining Stages

**Tuesday 24 November**

- 2.30pm: Social Services Questions  
 3.15pm: PM's Questions  
 3.30pm: Ten Minute Rule Bill  
           (Concessionary TV Licences for Pensioners:  
           Marjorie Mowlam)  
 3.40pm: **Debate on EC Docs:** CAP Reform and Agriculture Stabilisers

**Wednesday 25 November**

- 2.30pm: Trade and Industry Questions  
 3.30pm: Ten Minute Rule Bill  
           (Scottish Parliament: Archy Kirkwood)  
 3.40pm: **Opposition 5th Allotted Day** (Subject to be announced)

**Thursday 26 November**

- 2.30pm: **Treasury Questions** (C/Ex, CST, FST, PMG)  
 3.15pm: PM's Questions  
 3.30pm: Business Statement (LPS)  
 3.50pm: **Urban Development Corporations (Financial Limits) Bill:** Remaining Stages

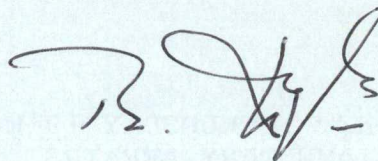
† [Debate on Committee of Selection's recommendations for the **Membership of Departmental Select Committees**]

† *Manx slip again!*

Friday 27 November

9.30am: **Private Members' Motions**

1. Mr Clive Soley - Freedom of the Press
2. Mr Graham Riddick )
3. Sir Giles Shaw ) subject to be announced



**B O DYER**  
**PARLIAMENTARY CLERK**

PWP

FROM : MISS J C SIMPSON  
DATE : 19 NOVEMBER 1987

- 1. MISS O'MARA *The CBI will be publishing their next survey on Monday which should provide good answers on a number of questions* | Yes. *19/11* **AHH**
- 2. CHANCELLOR OF THE EXCHEQUER

- cc Chief Secretary
- Financial Secretary
- Paymaster General
- Economic Secretary
- Sir P Middleton
- Sir T Burns
- Mr R I G Allen
- Mr Pickford
- Mr Dyer
- Mr A Hudson
- Mr Patterson
- Mr Curwen
- Mr Hutson (+5 copies)
- Mr Cropper
- Mr Tyrie
- Mr Call
- CB/001

*C*

1. Long runs <sup>possible</sup> on a number of the early ones - 1, 2, 3 or 4.

2. No obvious place to need to draw stamps, though presumably before Q.18 (Ron Brown on the £).

*AHH* *pub. by Q. 15*

TREASURY FIRST ORDER QUESTIONS : THURSDAY 26 NOVEMBER 1987  
EB CENTRAL BRIEF

- 1. I attach a draft of EB's central brief.
- 2. The brief contains:
  - (i) Bull points
  - (ii) Key statistics
    - checklist of main indicators published recently and due to be published by 26 November (A1)
    - key statistics on developments since the 1983 election (A2).
- 3. We think that the main themes will be
  - (i) developments in the world economy. The exact slant of the questioning will obviously depend on the result of the US discussions on cutting the budget deficit. You can also expect to be pressed on the prospects of a G7 meeting or, if one has been called by then, on what line the UK will be taking there. We have prepared subject briefs on international comparisons and on world economic developments.

*trade figures published that A.M.*

- (ii) allied to (i), the prospects for the UK economy. There are a number of questions on manufacturing and on industry which are likely to be reached which will give opportunity for supplementaries on both the UK and the world. They will also give you a chance to get across the message about the underlying soundness of the UK economy. We have prepared subject briefs on both manufacturing and the prospects for industry.
- (iii) VAT harmonisation and the EC, following up 16 November's ECOFIN discussion. There are three questions on this in the first 11 (now grouped). With the collapse of this week's Agriculture Council and the imminence of the Copenhagen European Council, questioning may be expected to range widely. We are therefore preparing a subject brief on 'Community nasties' as well as on VAT.

4. Subject briefs have been attached to individual questions in the usual way.

*J*

MISS J C SIMPSON

**BULL POINTS****1. Employment and unemployment**

In year to October adult unemployment (seasonally adjusted) fallen by 445,000; largest 12 monthly fall since records began, and unemployment rate now below 10 per cent for first time since July 1982.

Falling in all regions and fallen faster than in any other major industrial country over past year.

Number unemployed for more than one year fallen to its lowest level for nearly 4 years.

Employment risen for seventeen successive quarters (longest period of continuous growth for almost 30 years). Rate of increase strengthened in each of last 5 quarters.

**2. Growth**

UK economy expected to grow by 4 per cent in 1987, faster than any other major industrial country.

**3. Profitability**

Profitability in manufacturing and in industrial and commercial companies (excl. North Sea) risen every year since 1981. In 1986 at highest levels since 1973.

PS CURWEN  
EB  
Ext 5206



**MAIN ECONOMIC INDICATORS PUBLISHED SINCE 29 OCTOBER AND TO BE  
PUBLISHED BY 26 NOVEMBER**

29	Oct	<u>Monetary Aggregates (Sept-final)</u>
3	Nov	<u>UK official reserves (Oct)</u> Underlying rise of \$6,699 million.
9	Nov	<u>Retail sales (Sep-final)</u> September up 1 per cent on August.
12	Nov	<u>Bank of England Quarterly Bulletin</u>
12	Nov	<u>Labour market statistics</u> Unemployment (sa, excl. school leavers) (Oct) down 58,000 to 2,715,000. 'Headline' total down 119,000 to 2,751,000. Manufacturing employment (Sep) down 6,000 to 5,065,000. Vacancies (Oct) up 15,000 to 261,000. Average earnings (Sep) underlying annual increase $7\frac{1}{4}$ per cent. Manufacturing unit wage costs up $1\frac{1}{2}$ per cent in year to 1987Q3. Manufacturing productivity up nearly 7 per cent in year to 1987Q3.
13	Nov	<u>Retail prices index (Oct)</u> Annual rate 4.5 per cent.  <u>Tax and price index (Oct)</u> Annual rate 2.9 per cent.

13 Nov

Index of output of the production industries (Sep and Q3)

Industrial production in 1987 Q3 up over 1½ per cent on Q2 and up over 3 per cent on year earlier.

Manufacturing output in 1987Q3 up over 1¼ per cent on Q2 and up over 6 per cent on a year earlier.

16 Nov

Retail Sales (Oct-prov)

October up ¾ per cent on September. In 3 months to October up nearly 3 per cent on previous 3 months and up nearly 6½ per cent on same period year earlier.

17 Nov

Public sector borrowing requirement (Oct-prov)

October outturn was minus £1 billion (ie a net repayment).

18 Nov

Gross Domestic Product (Output-based) (3rd qtr-prov)

GDP(O) in 1987Q3 up over 1½ per cent on Q2 and up over 4½ per cent on year earlier.

19 Nov

Cyclical indicators for the UK economy (Sep)

19 Nov

Monetary aggregates (Oct-prov)

M0 annual growth rate 5.5 per cent.

M3 annual growth rate 22.2 per cent.

M4 annual growth rate 15.7 per cent.

M5 annual growth rate 15.1 per cent.

19 Nov

Capital expenditure (3rd qtr-prov)

Industrial investment in 1987Q3 down 5 per cent on Q2 but up over 3½ per cent on year earlier.

Manufacturing investment (including leased assets) in 1987Q3 down by about 1¼ per cent on Q2 but up by over 6 per cent on year earlier.

N.B. May be thrown  
at us.

What is  
I have  
minimum  
value?

**TO BE PUBLISHED**

23

CBI Monthly Trends Enquiry (Nov)

24 Nov

Balance of payments current account and overseas trade figures (Oct)

## DEVELOPMENTS SINCE JUNE 1983

Between 1983Q2 and 1987Q2 GDP(A) rose  $13\frac{3}{4}$  per cent at an annualised rate of over  $3\frac{1}{4}$  per cent.

Inflation averaged less than 5 per cent. Levels not experienced since 1960s.

Total employment up by 1.36 million.

Unemployment down by 169,000 from 2,884,000 to 2,715,000

Total non-oil export volumes up over 35 per cent and manufacturing export volumes up by over 38 per cent between 1983Q2 and 1987Q3.

Industrial production up  $13\frac{3}{4}$  per cent between 1983 Q2 and 1987Q3.

Manufacturing output up by  $16\frac{3}{4}$  per cent.

Manufacturing productivity up by  $23\frac{1}{2}$  per cent.

P S CURWEN  
EB  
x5206

CONFIDENTIAL



FROM: B O DYER  
 DATE: 25 November 1987

CHANCELLOR

cc Chief Secretary  
 Financial Secretary  
 Paymaster General  
 Economic Secretary  
 Mr R I G Allen  
 Mr Cropper  
 Mrs J Thorpe

**CABINET : THURSDAY 26 NOVEMBER 1987**  
**PARLIAMENTARY AFFAIRS**

I expect the business proposed for the Commons next week to be as follows:

Monday 30 November

2.30pm: Transport Questions

3.30pm: **Housing Bill: Second Reading**

[Debate on the composition of Departmental Select Committees - except the TCSC]

Tuesday 1 December

2.30pm: Education and Science Questions

3.15pm: PM's Questions

3.30pm: Ten Minute Rule Bill

(Elimination of Poverty in Old Age: Jeremy Corbyn)

3.40pm: **Education Reform Bill: Second Reading**

Wednesday 2 December

2.30pm: Environment Questions

3.30pm: Ten Minute Rule Bill

(Telecommunications Regulation: Terry Lewis)

3.40pm: **Opposition 6th Allotted Day** (Subject to be announced - possibly 'Poll Tax')

Thursday 3 December

2.30pm: Home Office Questions

3.15pm: PM's Questions

3.30pm: Business Statement

3.50pm: ~~Debate on outstanding PAC Reports and Govt's response thereto (FST)~~ - *Subjects recommended for debate listed below.*

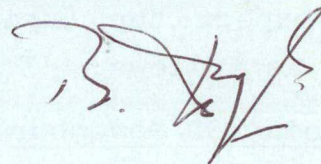
*† subject to any representations from Shadow Cabinet tonight.*

PTO

Friday 4 December

9.30am: **Private Members' Motions**

1. Mr William Shelton
  2. Mr Tony Lloyd )
  3. Mr James Lamond )
- subject to be announced



**B O DYER**  
**Parliamentary Clerk**



CH/EXCHEQUER	
REC.	26 NOV 1987 <sup>26/11</sup>
ACTION	MR B. O. Dyer
COPIES TO	CST, FST, PMG EST

*pur*

PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

25 November 1987

*Dear Alex,*

The Lord Privy Seal has asked me to circulate this reminder of the procedures that apply to the approval of a coming week's House of Commons business and especially to the arrangements for Opposition days.

As you know, discussions about the following week's business take place through the usual channels before the proposed business is submitted to the Cabinet for approval on Thursdays. It is fully accepted in these discussions that the business is not approved until it has been before the Cabinet, but last-minute changes cause severe difficulties and must be avoided if at all possible. The Opposition's choice of the subjects for debate on Opposition days, and of front-bench spokesmen, are not normally available until fairly late on Wednesday evenings, when the Departments concerned with proposed items of business will immediately be informed. It is therefore important that the Private Offices and Parliamentary Clerk's offices of Ministers in charge of Departments should be manned and able to make contact with their Ministers during Wednesday evenings. If the Minister concerned should have major problems in being available himself for the proposed business, the Private Secretary to the Chief Whip, Murdo Maclean, should be informed immediately so that further negotiations can be carried out before the business is presented to Cabinet.

I am copying this letter to Mark Addison in the Prime Minister's office, to Private Secretaries to Ministers in charge of Departments, to Murdo Maclean and to Trevor Woolley in Sir Robert Armstrong's office.

*Yours,*

*Steven*

STEVEN WOOD  
Private Secretary

A C S Allan Esq  
PPS/Chancellor of the Eschequer

MR BRIAN WILSON  
LABOUR  
CUNNINGHAME NORTH

THURSDAY  
26 NOVEMBER  
ORAL

To ask Mr Chancellor of the Exchequer, if he will make a further statement on proposals for harmonisation of value-added tax within the European Economic Community.

MR SAM GALBRAITH  
LABOUR  
STRATHKELVIN AND BEARSDEN

To ask Mr Chancellor of the Exchequer, if he will make a statement on Her Majesty's Government's policy towards the European Economic Commission's proposals to extend value-added tax.

MR JOHN GARRETT  
LABOUR  
NORWICH SOUTH

To ask Mr Chancellor of the Exchequer, if he will make a statement on recent developments in the proposals for harmonisation of value-added tax in European Economic Community Member countries.

**CHANCELLOR OF THE EXCHEQUER:**

The European Commission's package of indirect tax measures was formally presented to the Council of Economic and Finance Ministers in Brussels on 16 November. The Council remitted the package to the Economic Policy Committee for study. [The Prime Minister has made it clear that the United Kingdom could not accept proposals which would restrict the Government's ability to use zero rating.]

Do we want to volunteer this at first?

Mr "Commitment" (Mr Holt)

P R H ALLEN  
B H KNOX

HM Customs and Excise  
King's Beam House  
Mark Lane  
London EC3R 7HE

18 November 1987

Need good crisp supplementary attacking to Noble Lord. *FW*

C. Something like this? *HH*

"As I made clear at the ECOFIN Council on 16 November, we shall not permit to come into force any proposals that in any way conflict with pledges ~~made~~ *given* concerning the UK's zero rates of VAT. *HH*



MR BRIAN WILSON  
MR SAM GALBRAITH  
MR JOHN GARRETT

**NOTE**

1. Notes for possible supplementary questions are provided in the subject brief on VAT *and EC General.*

2. There are ten questions down for oral answer (three likely to be reached) about the European Commission's proposals for tax approximation. The main line of attack is likely to be that the Government intends going back on pre-election commitments or acquiescing in EC moves to abolish zero rates. A fourth oral question on VAT which is likely to be reached also deals with zero rating, but in the domestic, rather than the EC, context.

3. EC harmonisation: The Commission formally submitted its package of proposals to the Council on 7 August 1987. Apart from the proposal for approximation of VAT rates, the package comprises

- a 'global communication' introducing and describing the package
- proposals for the harmonisation of excise duty rates
- an outline of a VAT clearing mechanism
- a convergence proposal to prevent widening of existing disparities
- a proposal making the necessary technical amendments to the 6th VAT Directive

4. The proposed reply and the line suggested in the supplementary briefing are consistent with the conclusions of the OD(E) meeting on 1 October that public statements about tax approximation should avoid arguments that cast doubt on the UK's willingness to work for completion of the Single Market.

5. Zero rate infraction proceedings: The Commission proposals are an entirely separate issue from the zero rate infraction proceedings before the European Court. It may be best to refuse to be drawn on any supplementaries which relate to the infraction issue.

6. VAT on books etc: The pledges given on zero rating cover food, gas, electricity and young children's clothing and footwear. Considerable care has been taken - on the grounds of not constraining future Budget judgments - not to extend these undertakings to other categories of goods (most notably publications and passenger transport). The publishing and newspaper industries, in particular, have been prominent in lobbying against the imposition of VAT. Three early day motions on the subject have attracted a total of 263 signatures and there have been 178 Ministerial cases since 1 June 1987.

7. Government studies on VAT: The Sunday Times (8 November) reported that Treasury officials are working flat out on a tax reform package focussing on changes in the taxation of women as well as changes in basic and higher rates of income tax; and that Treasury officials have commissioned assessments by academics of the impact on different income groups of extending VAT to eg food and fuel. The article appears to have prompted the attached PQ from Gordon Brown (OR 12 November col 226). The ESRC, Treasury and others did commission analytical work on indirect taxation in 1986. The work was advertised in the Guardian in 1985. Its purpose is to help our understanding of the present VAT system.

Do you want the briefing we did for the PM (which I'm afraid we couldn't trace tonight)?

2/12/87.

*This Statutory Instrument has been made in consequence of defects in S.I. 1986 2219 and is being issued free of charge to all known recipients of that Statutory Instrument.*

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STATUTORY INSTRUMENTS

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1987 No. 449

PARLIAMENT

The House of Commons Disqualification Order 1987

Made - - - - 18th March 1987

Coming into force 18th March 1987

At the Court at Buckingham Palace, the 18th day of March 1987

Present,

The Queen's Most Excellent Majesty in Council

Whereas section 5 of the House of Commons Disqualification Act 1975(a) enables Her Majesty by Order in Council to amend Schedule 1 to that Act in accordance with a resolution of the House of Commons:

And whereas on 2nd December 1986 it was resolved by the House of Commons that Schedule 1 to the Act of 1975 be amended:

Now, therefore, Her Majesty, in pursuance of the said section 5 and in accordance with the said resolution, is pleased, by and with the advice of Her Privy Council, to order, and it is hereby ordered, as follows:-

1. This Order may be cited as the House of Commons Disqualification Order 1987.

2.—(1) In Schedule 1 to the House of Commons Disqualification Act 1975 (which specifies offices the holders of which are disqualified for membership of the House of Commons) Part III shall have effect subject to the amendments specified in the Schedule to this Order.

(2) Those amendments have effect in place of any amendments effected by virtue of the following provisions of the Schedule to the House of Commons Disqualification Order 1986(b), namely the first, eighth, twelfth and last entries set out in paragraph 3 and sub-paragraphs (3) and (5) of paragraph 5.

G. I. de Deney  
Clerk of the Privy Council

## SCHEDULE

### AMENDMENTS OF PART III OF SCHEDULE 1 TO THE HOUSE OF COMMONS DISQUALIFICATION ACT 1975

#### Additional entries

1. The following entries shall be inserted at the appropriate places:-  
"Adjudicating medical practitioner or specially qualified adjudicating medical practitioner appointed under or by virtue of Part III of the Social Security Act 1975 or Part III of the Social Security (Northern Ireland) Act 1975.  
Chairman or Deputy Chairman of the General Consumer Council for Northern Ireland.  
Chairman of the London and Metropolitan Government Staff Commission.  
Member of a panel of persons appointed under Schedule 5 to the Rent (Northern Ireland) Order 1978 to act as chairmen and other members of rent assessment committees."

#### Other amendments

- 2.—(1) For the entry beginning "Chairman of any of the Post Office Users' Councils" there shall be substituted—  
"Chairman of the Post Office Users' National Council."  
(2) In the entry "Director of British Telecommunications p.l.c. appointed by a Minister of the Crown or government department", after "p.l.c." there shall be inserted "nominated or".

---

#### EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order amends Part III of Schedule 1 to the House of Commons Disqualification Act 1975, which lists certain offices which disqualify holders for membership of the House of Commons. These amendments have effect in place of the provisions of the House of Commons Disqualification Order 1986 specified in Article 2(2) of this Order. Those provisions failed to reproduce in certain respects the textual amendments contained in the resolution passed by the House of Commons on 2nd December 1986.

45p net

ISBN 0 11 076449 8

CONFIDENTIAL



FROM: B O DYER  
 DATE: 2 December 1987

**CHANCELLOR**

cc Chief Secretary  
 Financial Secretary  
 Paymaster General  
 Economic Secretary  
 Mr R I G Allen  
 Mr Cropper  
 Mrs J Thorpe

**CABINET : THURSDAY 3 DECEMBER 1987**  
**PARLIAMENTARY AFFAIRS**

Following is the business, **currently**, proposed for the Commons next week:

**Monday 7 December**

2.30pm: Welsh Questions

3.30pm: **Second Reading of the Health and Medicines Bill**

10.00pm: Winter Supplementary Estimates, Vote on Account and introduction of the **Consolidated Fund (No.2) Bill (FST to 'walk the floor')**

**Tuesday 8 December**

2.30pm: Defence Questions

3.15pm: PM's Questions

3.30pm: Ten Minute Rule Bill  
 (Sale of War Toys: Tony Banks)

3.40pm: Motion for the **Christmas Adjournment (LPS)**

7.00pm: Remaining Stages of the Consolidated Fund Bill (formal),  
 to  
9.00am followed by traditional **all-night adjournment debate** -  
 subjects to be announced following ballot on 7 December at 12 noon

**Wednesday 9 December**

2.30pm: Scottish Questions

3.30pm: Ten Minute Rule Bill  
 (Companies Political Donations: Derek Fatchett)

3.40pm: **Debate on Rate Support Grant**

**Thursday 10 December**

2.30pm: Northern Ireland Questions

3.15pm: PM's Questions

3.30pm: Business Statement (LPS)

3.50pm: [**Debate on Fisheries (EC proposals)**]

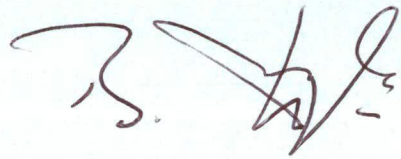
7.00pm: **Remaining Stages of the Arms Control and Disarmament (Privileges and Immunities) Bill**

Friday 11 December

9.30am: **Private Members' Bills:** Second Reading

1. Scottish Whisky Bill
2. Slaughter of Deer Bill
3. Protection of Animals Bill
4. Licensing (Retail Sales) Bill

I expect the Commons to rise on Friday 18 December and return on Monday 11 January.



**B O DYER**  
**PARLIAMENTARY CLERK**

sh/content?



FROM: R C BERWICK  
DATE: 3 December 1987

mpw 8/12

01-270 5183

PS/CHANCELLOR

cc Mr Revolta - HEL

*It appears from that the Home Sec. has enough backers to take out. I wd rather confer on backs with a Ts. This is as per the now. I wd be grateful to have your answer.*

**BACKERS FOR THE FIREARMS BILL**

The Parliamentary Clerk to the Secretary of State for the Home Office has asked if the Chancellor would be prepared to be counted as a 'Backer' to the above Bill.

This Bill is designed to tighten up the Firearms laws following the Hungerford incident.

As the Chancellor may be aware, being counted as a 'Backer' does not involve him in any work on the Bill in the House, where Home Office Ministers will remain responsible for all stages of its progress.

HE1 Division are content.

I understand that the following Ministers have also been asked to back this Bill.

- The Prime Minister
- The Secretary of State for Wales
- The Secretary of State for Scotland
- The Secretary of State for Northern Ireland
- The Secretary of State for the Environment
- The Secretary of State for Foreign and Commonwealth Affairs
- The Minister for Agriculture, Fisheries and Food
- The Minister for the Arts
- Chancellor of the Duchy of Lancaster.

I would be grateful if the Chancellor could give consideration to this request, by noon tomorrow.

*RC Berwick.*

R C BERWICK  
Parliamentary Section

**DEBATE ON OUTSTANDING PAC REPORTS: THURSDAY 3 DECEMBER**

Following are the PAC Reports recommended for debate (all are in the 1985/86 Session):

Number 19: Expenditure on Motorways and Trunk Roads - D/Tp

Number 25: Prison Building Programme - H/O

Number 44: Preventive Medicine - DHSS

Number 45: Financial Control and Accountability of the Metropolitan Police - H/O

Number 50: Vehicle Excise Duty Evasion and Enforcement  
- D/Tp

B.D.  
25/11





FROM: Assistant Parliamentary Clerk  
DATE: 7 December 1987

*pmg*

01-270 5008

**PS/CHANCELLOR OF THE EXCHEQUER**

PS/CHIEF SECRETARY

PS/FINANCIAL SECRETARY

PS/PAYMASTER GENERAL

PS/ECONOMIC SECRETARY

**FIRST ORDER QUESTIONS**

The Lord Privy Seal announced in his Business Statement last Thursday that the winter recess, subject to the progress of business, will be from 19 December to 10 January inclusive. Treasury's next First Order Questions will therefore fall on Thursday 14 January. The Ministers participating in January should be the Chancellor, Chief Secretary, Paymaster General and Economic Secretary.

The supporting Ministers roster for future months is as follows:

11 February	FST	PMG
10 March	FST	EST
* April	PMG	EST
* May	FST	PMG
* June	FST	EST
* July	PMG	EST

This may of course have to change to suit the convenience of Minister's or the Questions asked.

*Colin Hutson*

COLIN HUTSON

\* Dates to be confirmed



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

*pnp*

The Rt Hon Viscount Whitelaw PC CH MC  
Lord President of the Council  
Privy Council Office  
68 Whitehall  
LONDON  
SW1A 2AT

7 December '87

CHIEF SECRETARY	
REC.	- 7 DEC 1987
ACTION	Mr A Williams
COPIES TO	Mr Kirkwood, Mr Kemp
	Mr Burgess, Mr Gifford
	Mr Edwards, Mr Moore
	Mr Rowland, Mr Tiffin, Mr Call

Dear Lord President

**MERCHANT SHIPPING BILL: ADDITIONAL REQUIREMENTS FOR REGISTRATION (LORD GRAY OF CONTIN'S AMENDMENTS)**

The Committee stage of the Merchant Shipping Bill passed off smoothly but there is one difficult problem facing us on Report. Lord Gray of Contin put down an amendment that would give me power to specify in regulations additional requirements to be satisfied in order for particular types of ship to be admitted to the British register. The amendment is closely modelled on a clause in the section of the Bill dealing with new requirements for the registration of fishing vessels and refers to the need to secure that vessels have a genuine and substantial connection with the United Kingdom.

Lord Gray's concern is to help reinforce the support that the Government can give to the offshore supply vessel sector which has suffered badly since the drop in oil prices and which has faced what is generally perceived as unfair competition from Norwegian supply vessels, whose owners have overbuilt in recent years. The amendment elicited widespread support from all sides of the House. Ivon Brabazon undertook to consider the proposal.

We have been conscious, ever since agreeing to the inclusion of the new registration proposals for fishing vessels in the Merchant Shipping Bill, that we would come under heavy pressure to extend the regime, or something like it, to offshore supply vessels. Since Lord Gray is only proposing an enabling power, it will be all the more difficult for us to argue persuasively against the amendment and I believe that there is a serious risk, if we oppose it, of our being defeated, although you will be the best judge of this.

The proposal has a certain merit in that access for supply vessels to the UK sector of the North Sea is at present closely monitored by the Offshore Supplies Office and their vigilance has secured a big reduction in foreign penetration over the last two years. Any foreign owner that was prepared to hire a UK crew could however evade this control by registering his vessel in the UK. I understand that the OSO would not feel able to treat any such vessel differently from UK-owned vessels for the purposes of the exercise of their "full and fair opportunity" policy.

What I am proposing therefore is that Ivon Brabazon should accept Lord Gray's amendment in principle at Report and offer to come back at Third Reading with a Government amendment but to indicate that we would intend to specify that the power would be limited to the offshore supply vessel sector. We would at the same time make it absolutely clear that we would have no intention of using the power except to deal with a clear threat of a major incursion of foreign-owned tonnage into the UK sector of the North Sea, whether from Norway or anywhere else.

I recognise that there may be pressure subsequently - especially in the Commons - to extend the power so as to cover other shipping sectors, in particular vessels flagged in to the UK in order to attract naval protection. We had a round of correspondence on this before the Bill was introduced when it was the Prime Minister's view that we should not take a power to refuse registration in the national interest but would be ready to see the conditions for registration more tightly drawn if there were good grounds for this. My present proposal is of course much more limited in scope and does envisage precise criteria being written into the regulations.

I am afraid the timing on this is rather tight. Report stage of the Bill will be on Monday 14 December and I will need to be able to give to Lord Gray a clear indication of our intentions by then. I would therefore be grateful to know by noon on Friday 11 December whether you or any colleagues to whom I am copying this letter see any objection to the course of action which I propose.

I am sending copies of this letter to the Prime Minister, to the Secretaries of State represented on MISC 19, to John Wakeham, John Major and Bertie Denham and to Sir Robert Armstrong.

Yours Sincerely,  
Jon Cunliffe

P.P. PAUL CHANNON

CONFIDENTIAL

Approved by the Secretary of State and signed in his absence

CONFIDENTIAL

BF folder



CHANCELLOR

FROM: B O DYER  
 DATE: 8 December 1987

cc Chief Secretary  
 Financial Secretary  
 Paymaster General  
 Economic Secretary  
 Mr R I G Allen  
 Mr Cropper  
 Mrs J Thorpe

**CABINET : THURSDAY 10 DECEMBER 1987**  
**PARLIAMENTARY AFFAIRS**

Following is the business, currently, proposed for the Commons next week:

**Monday 14 December**

- 2.30pm: Energy Questions  
 3.20pm: Civil Service Questions  
 3.30pm: **Private Members' Motions**
1. Unemployment: Mr Bob Clay
  2. Peak Park Planning Board: Mr Patrick McLoughlin
  3. Charges for Eye Tests and Dental Examinations: Mr Eddie Loyden
- 7.00pm: **Remaining Stages of the Local Government Bill** (1st day)

**Tuesday 15 December**

- 2.30pm: Employment Questions  
 3.15pm: PMS Questions  
 3.30pm: Ten Minute Rule Bill  
 (Child Benefit Uprating: Sir B Rhys Williams)  
 3.40pm: **Conclusion of Remaining Stages of the Local Government Bill**

**Wednesday 16 December**

- 2.30pm: Foreign and Commonwealth Questions  
 3.30pm: Ten Minute Rule Bill  
 (NHS-Improved Provision of Services: Alice Mahon)  
 3.40pm: **Second Reading of the Local Government Finance Bill**  
 (1st day)

Thursday 17 December

2.30pm: MAFF Questions

3.15pm: PMs Questions

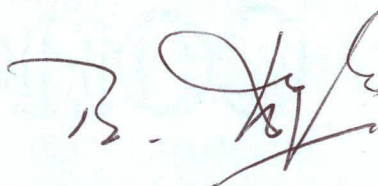
3.30pm: Business Statement (LPS)

3.50pm: **Conclusion of Second Reading of the Local Government  
Finance Bill**

Friday 18 December

9.30am: **Adjournment Debates** - subjects to be announced

Circa 3.00pm: **House rises and returns on Monday 11 January  
1988.**



**B O DYER**  
Parliamentary Clerk



THE MINISTER OF STATE

DEPARTMENT OF ENERGY  
THAMES HOUSE SOUTH  
MILLBANK  
LONDON SW1P 4QJ

Direct Line 01-211 3290  
Switchboard 01-211 3000

*mpf*

The Rt Hon Paul Channon MP  
Secretary of State for Transport  
Department of Transport  
2 Marsham Street  
LONDON  
SW1P 3EB

CHIEF SECRETARY	
REC.	11 DEC 1987
ACTION	Mr A WILLIAMS
COPIES TO	Mr ANSON, Mr KEMP
	Mr BRYANT, Mr GIBSON
	Mr EDWARDS, Mr MOORE
	Mr REVOLTA, Mr FINE, Mr GILL

8 December 1987

*See Paul.*

Thank you for sending Cecil a copy of your letter of 7 December to Willie Whitelaw about Lord Gray's amendment to the Merchant Shipping Bill.

I shall be in Norway for the next two days, but I hope to send you a full response on my return on Thursday. But I must record now my great concern about your proposal which will have, I think, ultimately damaging consequences for the industry, and cause us considerable political embarrassment both at home and abroad. I should be grateful, therefore, if you would defer a decision until I have an opportunity to write in full.

I am copying this to the recipients of your letter.

*[Handwritten signature]*

PETER MORRISON



*map*

DEPARTMENT OF TRADE AND INDUSTRY

1-19 VICTORIA STREET

LONDON SW1H 0ET

TELEPHONE DIRECT LINE 01-215 5422  
SWITCHBOARD 01-215 7877

Secretary of State for Trade and Industry

**CONFIDENTIAL**

The Rt Hon Paul Channon MP  
Secretary of State for Transport  
Department of Transport  
2 Marsham Street  
LONDON  
SW1P 3EB

*Paul*

10 December 1987 CHIEF SECRETARY	
REC.	10 DEC 1987
ACTION	Mr A Whitlaw S.
COPIES TO	Mr Medson, Mr Kemp Mr Burgess, Mr Ginn Mr Edwards, Mr Moore Mr Reata, Mr [unclear], Mr Gill

**MERCHANT SHIPPING BILL: ADDITIONAL REQUIREMENTS FOR REGISTRATION**

Thank you for copying to me your letter of 7 December to Willie Whitelaw proposing that the Government accepts in principle Hamish Gray's amendment on additional requirements for eligibility for the UK Register with an offer to return at Third Reading with a Government amendment limited to the offshore supply vessel sector.

Despite the qualifications which you propose that there would be no intention of using the power, except to deal with a clear threat of a major incursion of foreign-owned tonnage into the UK sector of the North Sea, whether from Norway or anywhere else, I am very concerned that such action, taken with other current policies in the offshore supply vessel sector, could place at risk the UK's good trade relations with Norway, to which last year we exported over £1 billion of goods and services.

I understand that officials in the Departments concerned agreed only recently that there should be a full review of the Department of Energy's initiative to ensure that UK-registered ships are given a "full and fair opportunity" to compete for offshore supply vessel contracts. I welcome this review, which in part reflected the fact that the protection afforded by this policy had already caused the Norwegians to register their serious concern. In the present climate we need to be careful before giving the impression that we are taking further steps to deny Norwegian owners access to business in our sector. I am concerned that acceptance in principle of the amendment should be presented in a neutral a way as possible and certainly not in terms which would prejudge the outcome of the review upon which officials are now engaged.

DW3DAX



Therefore, whilst I sympathise with your desire to avert demands for yet more protection in the offshore supply vessel sector, I feel that the qualifications which you propose would not only be regarded as provocative, possibly by EC partners as well as by Norway, but that it would also commit us to a policy, by implication, which has yet to be decided. I would therefore prefer Ivon Brabazon simply to say that we will continue to keep the position under review and that that no commitments on the use of the reserve power can be given.

I am sending copies of this letter to the Prime Minister, the Secretaries of State represented on MISC 19, John Wakeham, John Major, Bertie Denham and Sir Robert Armstrong.

A handwritten signature in cursive script, which appears to read 'Lord Young of Graffham'. The signature is written in dark ink and is positioned centrally on the page.

LORD YOUNG OF GRAFFHAM

DW3DAX





*ppp*

**CONFIDENTIAL**

**FCS/87/261**

CHIEF SECRETARY	
REC.	11 DEC 1987
ACTION	Mr A Williams
COPIES TO	Mr Anderson, Mr Kemp Mr Burgess, Mr Givens Mr Edwards, Mr Moore Mr Reynolds, Mr Tice

*Mr Allen*

11/12/87.

**SECRETARY OF STATE FOR TRANSPORT**

**Norwegian Offshore Supply Vessels Dispute:**  
**Merchant Shipping Bill**

1. Thank you for sending me a copy of your letter of 7 December to the Lord President, outlining your proposals to take powers in the Merchant Shipping Bill to enact regulations establishing additional eligibility requirements for UK registration in the offshore supply vessel (OSV) sector.

2. I appreciate what you say about the pressure in the House of Lords for an amendment of the kind you propose. At the same time I see two main difficulties. The first is over the effect of your proposal on our discussions with the Norwegians about the OSV problem. These as you know are at a delicate stage, the two Energy Ministers having met this week and with an imminent renewal of contacts between industry representatives from the two countries to try to resolve the basic over-capacity problem.

3. I note your intention to make it clear that you do not intend to use the new powers for the time being. But I suspect that in practice it will be harder to resist Parliamentary and other domestic pressure to use the powers once you have taken them than it has been to

/defend

**CONFIDENTIAL**



**CONFIDENTIAL**

defend the absence in the Bill of such powers. In any case, the Norwegians are likely to see the move as a further attempt to put pressure on them over the current negotiations, and to react in a way that will make a solution more difficult. As you know, officials recently agreed to carry out an interdepartmental study into the consequences for our wider interests in the offshore sector if the Norwegians decided to retaliate against what they already see as a discriminatory policy. Until the outcome of this study is known, I think it reasonable to assume that those interests must be to some extent at risk.

4. The second problem concerns the wider issues, about which we have already corresponded, of taking powers of a more general nature to refuse registration on other than the strict health, safety and welfare grounds already stipulated in the Bill. The wording of Lord Gray's amendment suggests that it will be difficult to resist pressures to take such wider powers once we have agreed to act specifically on OSVs. For these reasons, I should prefer you not to go ahead with a Government amendment on the basis you propose. I believe that both in the specific context of the UK/Norwegian OSV dispute and in more general the one of the 'reflagging' issue, the potential damage to UK interests outweighs the Parliamentary advantage which you seek.



**CONFIDENTIAL**

5. I am sending copies of this minute to the Prime Minister, to the Secretaries of State represented on MISC 19, to John Wakeham, John Major and Bertie Denham and to Sir Robert Armstrong.

A handwritten signature in black ink, appearing to be 'G. Howe', written in a cursive style.

(GEOFFREY HOWE)

Foreign and Commonwealth Office

11 December 1987

**CONFIDENTIAL**

CONFIDENTIAL

FROM: D R INSTONE  
DATE: 14 December 1987

MR A ALLAN

cc Mr Meadows

PM'S PQ ON CROWN ESTATE

We spoke on Friday about Dr Godman's PQ to the Prime Minister. You suggested that given the Chancellor's tentative consideration about the future of the Crown Estate we could hardly answer the question by "There are no such plans". You also suggested that the background note should say something about the Chancellor's thinking.

X 2. We had considered these earlier but thought the Chancellor's thinking was not sufficiently advanced to count as "plans". It is also a bit awkward, as covering the point in the background note means some of the material in it has to be confidential; Y so there is some risk of leakage - especially with a PQ going to No.10. (There would obviously be a row if the Commissioners first learned about this from a press leak.)

3. However I have redrafted both as you suggested.

4. If the Chancellor is concerned about the risk of leakage, one compromise would be to leave the answer in the redrafted form but delete paragraph 5 of the background note after the first sentence.

Ch

I don't mind like this answer intro, but sounds awfully contrived.

If you think we can get away with "No", that would obviously be easiest (? justify as at X).

I could handle Y by writing to Nigel Wicks separately so that PM is informed

D R INSTONE

I think we can get away with 'no', on the grounds of X. If the PM disagrees, I have given an alternative formulation

AA  
Para 5 of the background note must be deleted & the answer changed accordingly  
In any case, the background note must be deleted & the answer changed accordingly

*purp*

**FROM:** Assistant Parliamentary Clerk  
**DATE:** 15 December 1987

01-270 5008

**PRINCIPAL PRIVATE SECRETARY**

PS/CHIEF SECRETARY

PS/PAYMASTER GENERAL

PS/ECONOMIC SECRETARY

**cc** PS/Financial Secretary  
 Mr Pickford - EB  
 Miss Simpson - EB  
 PS/IR  
 PS/HMCE  
 See attached list of  
 copy addressees

Nigel Forman MP  
 Tony Favell MP  
 John Maples MP  
 Michael Stern MP  
 Mark Lennox-Boyd MP

**TREASURY FIRST ORDER QUESTIONS - THURSDAY 14 JANUARY 1988**

Attached is the Chancellor's allocation of Questions for Oral answer on Thursday 14 January between himself, the Chief Secretary, the Paymaster General and the Economic Secretary. Questions in the area designated 'unlikely to be reached' that would have fallen naturally to the Financial Secretary are allocated to him for reply.

2. Copies of this minute and attachment go to all Assistant Secretaries who have been sent Oral PQ folders so that answers may be (re)-drafted with the particular answering Minister in mind.

3. At present, subject briefs are being prepared on the topics listed in Annex A. (to follow)

A handwritten signature in cursive script, appearing to read 'C A Hutson'.

**C A HUTSON**

## COPY ADDRESSEES

## Under Secretaries

Mr Beastall	TOA
Mr Burgner	IAE
Mr Butler	EOG
Mr Culpin	FP
Mr Edwards	EC
Mr Evans	IF
Mr Freeman	CCTA
Mr Gilmore	HE
Mr Harris	JMU
Mr Hawtin	LG
Mrs Lomax	FIM
Mr Luce	RCS
Mr Moore	PE
Mr Mountfield	AEF
Mr Odling-Smee	MP
Miss Peirson	ST
Mr Peretz	MG
Mr Robson	DM
Mr Sedgwick	EA
Mr Spackman	ES
Mr Turnbull	GE

## Assistant Secretaries

Mr A R H Bottrill	EA2
Mr E Brown	RC2
Mrs M Brown	PE2
Mrs A Case	AEF2
Mr S Davis	MPL
Mr J Gieve	GEPl
Mr J Gilhooly	PAY 1
Mr P Gray	IAE3
Mr M Hansford	RC1
Mr J Hibberd	EAL
Mr N Ilett	FIM2
Mr S Matthews	IF2
Mr J Mortimer	EC1
Mr C Mowl	PSF
Mr P McIntyre	ST1
Miss J Noble	FIM1
Miss M O'Mara	MG1
Mr H Walsh	IF1
Mr C Welsh	FM1

1	La	Mr William O'Brien (Normanton): To ask Mr Chancellor of the Exchequer, what discussions he has had with Finance Ministers abroad concerning expansion targets for the Organisation for Economic Co-operation and Development economies.	MR MATTHEWS IF2	+6 EST
2	L	Mr Ronnie Fearn (Southport): To ask Mr Chancellor of the Exchequer, if he will make a statement on the implications for the economy of the current state of British manufacturing industry.	MR HIBBERD EA1	CST
3	La	Mr Tam Dalyell (Linlithgow): To ask Mr Chancellor of the Exchequer, if he has issued any guidance on information management in the Civil Service, as a result of lessons learned during and since the Westland Affair.	MR BROWN RC2	PMG
4	C	Mr Bill Walker (North Tayside): To ask Mr Chancellor of the Exchequer, if he will make a statement on the latest outlook for inflation.	MR GILHOLLY PAY 1	C/EX
5	C	Sir Anthony Meyer (Clywd North West): To ask Mr Chancellor of the Exchequer, when he next intends to meet his counterparts in the European Council of Finance Ministers; and what matters he expects to discuss.	MR MORTIMER EC1	PMG
6	La	Mr Jimmy Wray (Glasgow, Provan): To ask Mr Chancellor of the Exchequer, what discussions he has had with Finance Ministers abroad concerning expansion targets for the Organisation for Economic Co-operation and Development economies.	MR MATTHEWS IF2	+1 EST
7	C	Mr Lewis Stevens (Nuneaton): To ask Mr Chancellor of the Exchequer, what has been the growth of industrial productivity in the British economy over the last 12 months.	MR HIBBERD EA1	CST
8	C	Mr Ian Taylor (Esher): To ask Mr Chancellor of the Exchequer, what estimate he has made of the relative benefit to British industry of 1 per cent. off interest rates as compared with 1 per cent. off pay rises.	MR DAVIES MPI	EST
9	C	Mr Tim Smith (Beaconsfield): To ask Mr Chancellor of the Exchequer, when he is next due to meet the finance ministers of the other major industrialised countries to discuss the international financial situation.	MR MATTHEWS IF2	+11 C/EX
10	La	Mr Bob Cryer (Bradford South): To ask Mr Chancellor of the Exchequer, what assessment he has made of the feasibility of the internal market of the European Economic Community in the absence of the harmonisation of value added taxation rates.	MR MORTIMER EC1	PMG
11	C	Mr John Bowis (Battersea): To ask Mr Chancellor of the Exchequer, when he is next due to meet the finance ministers of the other major industrialised countries.	MR MATTHEWS IF2	+9 C/EX
12	C	Mr David Knox (Staffordshire Moorlands): To ask Mr Chancellor of the Exchequer, if he will make a statement on the economic outlook for the rest of the current financial year.	MR HIBBERD EA1	CST
13	La	Mr D. N. Campbell-Savours (Workington): To ask Mr Chancellor of the Exchequer, what initiatives he is taking with finance ministers of creditor countries to address the re-scheduling of a share of the debt of Latin American countries.	MRS CASE AEF2	EST
14	C	Mr John Redwood (Wokingham): To ask Mr Chancellor of the Exchequer, what responses he has received to his 1987 initiative to deal with the problem of developing countries' debt.	MR WALSH IF1	C/EX
15	C	Mr Neil Hamilton (Tatton): To ask Mr Chancellor of the Exchequer, if he will make a statement on the trend of public expenditure as a proportion of national income.	MR GEEVE GEPI	CST
16	La	Mr Ron Davies (Caerphilly): To ask Mr Chancellor of the Exchequer, what representations he has received concerning the reform of forestry taxation policy; and if he will make a statement.	IR	PMG
17	C	Mr William Cash (Stafford): To ask Mr Chancellor of the Exchequer, when he next intends to meet his counterparts in the European Council of Finance Ministers; and what matters he expects to discuss.	MR MORTIMER EC1	PMG

18	La	Mr Stuart Holland (Vauxhall): To ask Mr Chancellor of the Exchequer, what discussions he has had with finance ministers abroad concerning expansion targets for the Organisation for Economic Co-operation and Development economies.	MR MATTHEWS IF2	EST
19	C	Mr Anthony Steen (South Hams): To ask Mr Chancellor of the Exchequer, if he will take steps to increase the level of tax exemption for luncheon vouchers.	IR	PMG
20	C	Mr John Marshall (Hendon South): to ask Mr Chancellor of the Exchequer: To ask Mr Chancellor of the Exchequer, what is his latest estimate for the Public Sector Borrowing Requirement out-turn in 1987-88.	MR MOWL PSF	CST
21	L	Mr Archy Kirkwood (Roxburgh and Berwickshire): To ask Mr Chancellor of the Exchequer, when he expects to publish the White Paper on Public Expenditure.	MR GIEVE GEP1	CST
22	La	Mr Chris Mullin (Sunderland South): To ask Mr Chancellor of the Exchequer, if he will estimate expected North Sea Oil revenue from all sources for each year up to 1991.	MR BOTTRILL EA2	EST
23	C	Mr Roger Knapman (Stroud): To ask Mr Chancellor of the Exchequer, what is his latest estimate for the public sector borrowing requirement outturn in 1987-88.	MR MOWL PSF	CST
24	C	Mr David Shaw (Dover): To ask Mr Chancellor of the Exchequer, what has been the rate of growth in the United Kingdom economy since 1980; and how this compares with the figures for other major European Community countries.	MR MATTHEWS IF2	EST
25	C	Mr Patrick McLoughlin (West Derbyshire): To ask Mr Chancellor of the Exchequer, what has been the growth of real take-home pay for a married man on male average earnings since 1978-79.	IR	EST
26	La	Mr John Cummings (Easington): To ask Mr Chancellor of the Exchequer, how many shares the Bank of England now holds in British Petroleum.	MR ILETT FIM2	PMG
27	C	Mr Michael Fallon (Darlington): To ask Mr Chancellor of the Exchequer, if he will make a statement on the trend of public expenditure as a proportion of national income.	MR GIEVE GEP1	CST
28	La	Mr Tony Worthington (Clydebank and Milngavie): To ask Mr Chancellor of the Exchequer, what initiatives he is taking with finance ministers of creditor countries to address the re-scheduling of a share of the debt of Latin American countries.	MRS CASE AEF2	EST
29	C	Mr Nicholas Baker (North Dorset): To ask Mr Chancellor of the Exchequer, if he will bring forward proposals to reduce capital taxation.	IR	PMG
30	La	Mr David Young (Bolton South East): To ask Mr Chancellor of the Exchequer, what initiatives he is taking with finance ministers of creditor countries to address the re-scheduling of a share of the debt of Latin American countries.	MRS CASE AEF2	EST
31	C	Mr Irvine Patnick (Sheffield, Hallam): To ask Mr Chancellor of the Exchequer, what responses he has received to his 1987 initiative to deal with the problem of developing countries' debt.	MR WALSH IF1	EST
32	C	Mr David Amess (Basildon): To ask Mr Chancellor of the Exchequer, what representations he has received about value-added tax on hospital radio broadcasting equipment.	CHE	EST
33	L	Mr Geraint Howells (Ceredigion and Pembroke North): To ask Mr Chancellor of the Exchequer, if he will make a statement on present levels of interest rates.	MISS O'MARA MG1	EST
34	C	<del>Mrs Virginia Bottomley (South West Surrey): To ask Mr Chancellor of the Exchequer, what has been the growth of real take-home pay for a married man on male average earnings since 1978-79.</del>	<del>IR</del>	ORDINARY WRITTEN 15.12.87
35	C	Mr Richard Shepherd (Aldridge-Brownhills): To ask Mr Chancellor of the Exchequer, what is his latest forecast for the rate of economic growth in the United Kingdom over the coming year.	MR HIBBERD EA1	CST



36	La	Mr Calum A. Macdonald (Western Isles): To ask Mr Chancellor of the Exchequer, if he will introduce legislation to provide for closer regulation of the operation of credit card companies; and if he will make a statement.	MISS O'MARA MGI	CST
37	C	Mr Jeremy Hanley (Richmond and Barnes): To ask Mr Chancellor of the Exchequer, if he will estimate the effects on employment of economic growth in the United Kingdom since 1983.	MR DAVIES MPI	CST
38	C	Mr Allan Stewart (Eastwood): To ask Mr Chancellor of the Exchequer, what is his latest forecast for the rate of economic growth in the United Kingdom over the coming year.	MR HIBBERD EAI	CST
39	C	Mr David Evennett (Erith and Crayford): To ask Mr Chancellor of the Exchequer, if he is satisfied with the liaison arrangements between Her Majesty's Customs and Excise and the police and other enforcement agencies in connection with the investigation of drug trafficking.	CTE	EST
40	La	Mr Alan Meale (Mansfield): To ask Mr Chancellor of the Exchequer, what initiatives he is taking with finance ministers of creditor countries to address the re-scheduling of a share of the debt of Latin American countries.	MRS CASE AEFZ	EST
41	C	Mr Tim Devlin (Stockton South): To ask Mr Chancellor of the Exchequer, if he will quantify the extent to which growth in the economy has been reflected in an increase in self-employment over the period since 1979.	MR PICKFORD EB	CST
42	La	Mr George J. Buckley (Hemsworth): To ask Mr Chancellor of the Exchequer, what initiatives he is taking with finance ministers of creditor countries to address the re-scheduling of a share of the debt of Latin American countries.	MRS CASE AEFZ	EST
43	La	Mr Andrew Smith (Oxford East): To ask Mr Chancellor of the Exchequer, what action he proposes to take to stimulate capital investment.	MR DAVIES MPI	CST
44	La	Mr Bruce Grocott (The Wrekin): To ask Mr Chancellor of the Exchequer, what was the total revenue from value-added tax: (a) in 1979 and (b) in the latest year for which figures are available	CTE	EST
45	La	<del>Mr Graham Allen (Nottingham North): To ask Mr Chancellor of the Exchequer, how he monitors underspending by Departments; and what is his policy towards re-allocation of underspending, both from one Department to another and within Departments, during the same financial year.</del>	<del>MR GIEVE GEP1</del>	WITHDRAWN
46	C	<del>Mr Harry Greenway (Ealing North): To ask Mr Chancellor of the Exchequer, what has been the estimated increased yield from lowering the higher tax rate to 60 per cent.; and if he will make a statement.</del>	TR	ORDINARY WRITTEN 16.12.87
47	C	Mr David Heathcoat-Amory (Wells): To ask Mr Chancellor of the Exchequer, what recent representations he has received about value-added tax on buildings.	CTE	EST
48	C	Mr Michael McNair-Wilson (Newbury): To ask Mr Chancellor of the Exchequer, if he will describe the procedure and criteria used in determining the relative priorities accorded to the different programmes within the annual public expenditure planning total for 1988-89; and if he will make a statement.	MR GIEVE GEP1	CST
49	La	Mr John Battle (Leeds West): To ask Mr Chancellor of the Exchequer, what is his latest estimate of the income to the Exchequer from privatisation in the present year, and in the next two years.	MRS BROWN PEZ	FST
50	C	Mr John Townend (Bridlington) To ask Mr Chancellor of the Exchequer, what estimate he has made of the relative benefit to British industry of 1 per cent. off interest rates as compared with 1 per cent. off pay rises.	MR DAVIES MPI	CST
51	C	Mr John Greenway (Ryedale): To ask Mr Chancellor of the Exchequer, what is his latest estimate for the public sector borrowing requirements outturn in 1987-88.	MR MOWL PSF	CST
52	La	Mr Thomas Graham (Renfrew West and Inverclyde): To ask Mr Chancellor of the Exchequer, if he will make a statement on the latest position regarding negotiations within the EEC about harmonisation of excise duties.	CTE	EST

53	C	Mr Michael Jack (Fylde): To ask Mr Chancellor of the Exchequer, what plans he has to undertake a study of the subject of the income tax burden on retirement pensioners; and if will make a statement.	IR	FST
54	C	Mr Teddy Taylor (Southend): To ask Mr Chancellor of the Exchequer, if he has yet received from the European Court of Justice their decision on the case initiated by the EEC Commission arguing that the United Kingdom should levy value added tax on industrial and commercial buildings and on the supply of gas, electricity, water, sewerage and protective clothing and footwear to industry and commerce; and if he will make a statement.	CTE	EST
55	La	Mr Alun Michael (Cardiff South and Penarth): To ask Mr Chancellor of the Exchequer, when he next expects to meet the Director General of the Confederation of British Industry to discuss the prospects for the British economy.	MR GRAY IAE3	CST
56	C	Mr Anthony Coombs (Wyre Forest): To ask Mr Chancellor of the Exchequer, what is the proportion of income tax revenue paid by the highest five per cent. of earners currently; what was the figure in 1979; and what are the absolute figures for these two final years.	IR	FST
57	La	Mr Frank Doran (Aberdeen South): To ask Mr Chancellor for the Exchequer, if he will provide figures for the rate of credit growth over the last four years.	MISS O'MARA MG1	EST
58	C	Mr Richard Holt (Langborough): To ask Mr Chancellor of the Exchequer, what level of pay rise for the average employee would be compatible with full compensation for price increases over the last year.	MR GILHOOLY PAY1	PMG
59	C	<del>Mr John Taylor (Solihull): To ask Mr Chancellor of the Exchequer, what is his latest estimate of the proportion of taxation receipts in 1987-88 to be derived from capital gains tax.</del>	TR	ORDINARY WRITTEN 16.12.87
60	C	Mr David Sumberg (Bury South): To ask Mr Chancellor of the Exchequer, whether he has any plans to review the systems of mortgage interest tax relief; and if he will make a statement.	IR	FST
61	La	Mr Terry Lewis (Worsley): To ask Mr Chancellor of the Exchequer, what has been the average annual gain in each year since 1979 to those earning over £50,000 as a result of changes in taxation.	IR	FST
62	C	Mr Henry Bellingham (North West Norfolk): To ask Mr Chancellor of the Exchequer, what has been the rate of growth in the United Kingdom economy since 1980; and how this compares with the figures for other major European Community countries.	MR MATTHEWS IF2	EST
63	L	Mr Malcolm Bruce (Gordon): To ask the Mr Chancellor of the Exchequer, if he will make a statement on the level of private borrowing over the last year.	MISS O'MARA MG1	EST
64	La	Joan Ruddock (Lewisham, Deptford): To ask Mr Chancellor of the Exchequer, what discussions he has had with finance ministers abroad concerning expansion targets for the Organisation for Economic Co-operation and Development economies.	MR MATTHEWS IF2	EST
65	L	Mr Matthew Taylor (Truro): To ask Mr Chancellor of the Exchequer, what representations he has received seeking an alteration to the rules relating to mortgage interest tax relief; and if he will make a statement.	IR	FST
66	C	Mr Michael Latham (Rutland and Melton): To ask Mr Chancellor of the Exchequer, whether he will make a statement on the trend in interest rates during the Christmas Adjournment.	MISS O'MARA MG1	EST
67	La	Mr Mark Fisher (Stoke on Trent, Central): To ask Mr Chancellor of the Exchequer, what discussions he has held with other finance ministers on recovery targets for the Organisation for Economic Co-operation and Development economies.	MR MATTHEWS IF2	EST
68	C	Mr Andrew MacKay (East Berkshire): To ask Mr Chancellor of the Exchequer, what representations he has received concerning the effects of capital gains tax on the economy.	IR	FST
69	La	Mr George Howarth (Knowsley, North): To ask Mr Chancellor of the Exchequer, what discussions he has had with finance ministers abroad concerning expansion targets for the Organisation for Economic Co-operation and Development economies.	MR MATTHEWS IF2	EST

70	La	Mr Martyn Jones (Clwyd, South-West): To ask Mr Chancellor of the Exchequer, what figures he has showing the major beneficiaries of changes in direct taxation since 1979.	IR	FST
71	C	Mr Robert Adley (Christchurch): To ask Mr Chancellor of the Exchequer, in what areas he is presently looking for new tax revenues; and if he will make a statement.	MISS SINCLAIR FP	FST
72	La	Mr John Garrett (Norwich, South): To ask Mr Chancellor of the Exchequer, what discussions he has had with finance ministers abroad concerning expansion targets for the Organisation for Economic Co-operation and Development economies.	MR MATTHEWS IF2	EST
73	La	Ms Joyce Quin (Gateshead East): To ask Mr Chancellor of the Exchequer, if he will give an estimate of the cost to the Exchequer in the current financial year of the tax concessions offered to investors in forestry.	IR	FST
74	C	Mr Conal Gregory (York): To ask Mr Chancellor of the Exchequer, what value-added tax revenue is expected from United Kingdom confectionery sales in the current financial year.	C+E	EST
75	La	Mr Paul Murphy (Torfaen): To ask Mr Chancellor of the Exchequer, if he proposes to make any changes to the Government's privatisation programme as a result of the BP flotation.	MRS BROWN PE2	FST
76	C	Mr Timothy Wood (Stevenage): To ask Mr Chancellor of the Exchequer, if he will make a statement on the trend of public expenditure as a proportion of national income.	MR GIEVE GEPI	CST
77	C	Mr Quentin Davies (Stamford and Spalding): To ask Mr Chancellor of the Exchequer, if he will quantify the extent to which growth in the economy has been reflected in an increase in self-employment over the period since 1979.	MR DAVIES MPI	CST
78	La	Dr John Reid (Motherwell North): To ask Mr Chancellor of the Exchequer, if he will provide the latest figures for property repossessions arising from mortgage default in 1987.	MISS NOBLE FIMI	EST
79	C	Mr David Davies (Boothferry): To ask Mr Chancellor of the Exchequer, what responses he has received to his 1987 initiative to deal with the problem of developing countries' debt.	MR WALSH IFI	EST
80	C	Mr John Ward (Poole): To ask Mr Chancellor of the Exchequer, if he will make a statement on the latest outlook for inflation.	MR GILHOOLY PAY 1	EST
81	SD	Mr Charles Kennedy (Ross, Cromarty and Skye): To ask Mr Chancellor of the Exchequer, what representations he has received on the current taxation regime governing North Sea oil activity; and if he will make a statement.	IR	EST
82	C	Mr James Cran (Beverley): To ask Mr Chancellor of the Exchequer, what level of pay rise for the average employee would be compatible with full compensation for price increases over the last year.	MR GILHOOLY PAY 1	PMG
83	La	Mr Jack Thompson (Wansbeck): To ask Mr Chancellor of the Exchequer, what is his latest forecast of income to the Treasury from privatisation measures in 1987-88 and 1988-89.	MRS BROWN PE2	FST
84	C	Mr David Atkinson (Bournemouth East): To ask Mr Chancellor of the Exchequer, if he will make a statement of progress on his negotiations with the Economic Community regarding the raising of the value added tax threshold.	C+E	EST
85	La	Mr Dennis Skinner (Bolsover): To ask Mr Chancellor of the Exchequer, what recent meetings he has had with other finance ministers regarding world debt; and if he will make a statement.	MR WALSH IFI	EST
86	La	Mr Peter Pike (Burnley): To ask Mr Chancellor of the Exchequer, when he last met the Director General of the Confederation of British Industries; and what matters were discussed.	MR GRAY IAE3	CST
87	C	Mr Tim Yeo (South Suffolk): To ask Mr Chancellor of the Exchequer, when he is next due to meet the finance ministers of the other major industrialised countries.	MR MATTHEWS IF2	EST
88	C	Mr Gerald Bowden (Dulwich): To ask Mr Chancellor of the Exchequer, if he will make a statement on the latest outlook for inflation.	MR GILHOOLY PAY 1	EST

89	C	Mr Nicholas Bennett (Pembroke): To ask Mr Chancellor of the Exchequer, what has been the rate of growth in the United Kingdom economy since 1980; and what has been the comparable figure for other major European Community countries.	MR MATTHEWS IF2	FST
90	C	Mr Peter Thurnham (Bolton North East): To ask Mr Chancellor of the Exchequer, if he will estimate the likely savings in public expenditure as a result of the recent proposals of the Efficiency Unit.	MR WELSH FM1	PMG
91	L	Mr Richard Livsey (Brecon and Radnor): To ask Mr Chancellor of the Exchequer, what recent review he has undertaken of the Government's policy towards membership of the exchange rate mechanism of the European Monetary System; and if he will make a statement.	MISS O'MARA MG1	EST
92	L	Mr Henry McLeish (Fife Central): To ask Mr Chancellor of the Exchequer, what proportion of outstanding consumer credit is accounted for by credit card lending by banks.	MISS O'MARA MG1	EST
93	C	Mr David Curry (Skipton and Ripon): To ask Mr Chancellor of the Exchequer, what level of pay rise for the average employee would be compatible with full compensation for price increases over the last year.	MR GILHOOLY PAY1	PMG
94	C	Mr Bowen Wells (Hertford and Storrord): To ask Mr Chancellor of the Exchequer, what is his latest forecast for the rate of economic growth in the United Kingdom over the coming year.	MR HIBBERD EA1	CST
95	La	Mr Nigel Griffiths (Edinburgh South): To ask Mr Chancellor of the Exchequer, what is his latest forecast for the United Kingdom balance of payments figure, for 1987 and 1988.	MR BOTTELL EA2	CST
96	La	Mr Ronnie Campbell (Blyth Valley): To ask Mr Chancellor of the Exchequer, if he will make a statement on the current level of interest rates.	MISS O'MARA MG1	EST
97	La	Mr Win Griffiths (Bridgend): To ask Mr chancellor of the Exchequer, what conclusions he has drawn from the BP floatation; and what measures he intends to take in dealing with any further privatisation proposals.	MRS BROWN PE2	FST
98	La	Mr Rhodri Morgan (Cardiff West): To ask Mr Chancellor of the Exchequer, if he will make a statement on Her Majesty's Government's latest plans for further privatisation measures.	MRS BROWN PE2	FST
99	La	<del>Mr David Winnick (Walsall North): To ask Mr Chancellor of the Exchequer, what representations he has received over income tax reductions which may be proposed in his budget.</del>	<del>IR</del>	WITHDRAWN
100	La	Hilary Armstrong (North West Durham): To ask Mr Chancellor of the Exchequer, how much, on average, those earning over £50,000 a year have gained in changes in taxation since 1979.	IR	FST
101	C	Mr Sydney Chapman (Chipping Barnet): To ask Mr Chancellor of the Exchequer, what is his latest estimate of the outturn for public expenditure in 1987/88; and what is his latest estimate of revenue.	MR RICHARDSON GEP2	CST
102	La	Mr Barry Jones (Alyn and Deeside): To ask Mr Chancellor of the Exchequer, if he will make a statement on the implications for the management of the economy of the current balance of payments.	MR BOTTRILL EA2	CST
103	La	Mr Harry Cohen (Leyton): To ask Mr Chancellor of the Exchequer, what is the value of the shares which the Bank of England now holds in BP.	MR ILETT FIM2	FST
104	La	Mr Doug Henderson (Newcastle upon Tyne North): To ask Mr Chancellor of the Exchequer, what income tax relief has been received by a taxpayer earning £50,000 each year since 1979, at 1987 prices.	IR	FST
105	La	Mr John McFall (Dumbarton): To ask Mr Chancellor of the Exchequer, what is the latest figure for M3, calculated on a yearly basis.	MISS O'MARA MG1	EST

106	C	<b>Mr Michael Shersby (Uxbridge):</b> To ask Mr Chancellor of the Exchequer, if, pursuant to the answer of 26th November, Official Report, column 373, he will analyze the weight of responses for and against the Green Paper proposals on personal taxation which led him to conclude that there was insufficient support for the approach advocated in the Green Paper on the treatment of mortgage interest tax relief for married and un-married couples; what other proposals in this regard have been put to him, and if he will make a statement.	IR	FST
107	La	<b>Mr Roland Boyes (Houghton and Washington):</b> To ask Mr Chancellor of the Exchequer, if he will commission research into the total cost of unemployment in the North; and if he will make a statement.	MR McINTYRE ST1	CST
108	La	<b>Mrs Ann Clwyd (Cynon Valley):</b> To ask Mr Chancellor of the Exchequer, what has been the average individual cumulative gain to those earning over £50,000 a year as a result of changes in taxation since 1979.	IR	FST
109	La	<b>Mr Elliot Morley (Glanford and Scunthorpe):</b> To ask Mr Chancellor of the Exchequer, when he next expects to meet the Confederation of British Industry to discuss the state of the economy.	MR GRAY IAE3	CST
110	La	<b>Dr Lewis Moonie (Kirkcaldy):</b> To ask Mr Chancellor of the Exchequer, if he will make a statement on interest rates.	MISS O'MARA MG1	EST
111	C	<b>Mr John Watts (Slough):</b> To ask Mr Chancellor of the Exchequer, what has been the growth of real take-home pay for a married man on male average earnings since 1978-79.	IR	FST
112	C	<b>Mr Robert Key (Salisbury):</b> To ask Mr Chancellor of the Exchequer, if he will estimate the effects on employment of economic growth in the United Kingdom since 1983.	MR DAVIES MP1	CST
113	C	<b>Mr Toby Jessel (Twickenham):</b> To ask Mr Chancellor of the Exchequer, what was the yield from tobacco tax in each of the last five years; and what is the estimated yield for the current year.	C+E	EST
114	L	<b>Mr A. J. Beith (Berwick upon Tweed):</b> To ask Mr Chancellor of the Exchequer, whether, in the light of recent events, he has revised his estimates of privatisation proceeds to the Exchequer over the next few years.	MRS BROWN PE2	FST
115	La	<b>Mr Alastair Darling (Edinburgh Central):</b> To ask Mr Chancellor of the Exchequer, if he will indicate the number of British Petroleum shares that have been purchased by the Bank of England under the special arrangement to date; and if he will make a statement.	MR ILETT FIM2	FST
116	L	<b>Mr Alex Carlile (Montgomery):</b> To ask Mr Chancellor of the Exchequer, when he next intends to meet the finance ministers of the European Economic Community to discuss the possible harmonisation of vat within the Community.	MR MORTIMER EC1	PMG
117	La	<b>Mr Greville Janner (Leicester West):</b> To ask Mr Chancellor of the Exchequer, what representations he has received concerning the fall in the value of equities on the economy of the United Kingdom; and whether he will make a statement.	MR ILETT FIM2	EST
118	La	<b>Marjorie Mowlam (Redcar):</b> To ask Mr Chancellor of the Exchequer, if he will make a statement on his policy towards future sales of shares in British Petroleum plc in the light of the outcome of the first phase of the proposed privatisation of the company.	MRS BROWN PE2	FST
119	La	<b>Mr Gerry Steinberg (City of Durham):</b> To ask Mr Chancellor of the Exchequer, what mechanisms other than market forces exist for the medium term alteration of the exchange rate.	MISS O'MARA MG1	EST
120	La	<b>Mr Jim Cousins (Newcastle-upon-Tyne Central):</b> To ask Mr Chancellor of the Exchequer, when he next expects to meet the Director General of the Confederation of British Industry to discuss the current performance of British industry.	MR GRAY IAE3	CST
121	La	<b>Mr Richard Caborn (Sheffield Central):</b> To ask Mr Chancellor of the Exchequer, what is his latest estimate of the income to the Exchequer from privatisation on the present year, and in the next two years.	MRS BROWN PE2	FST

122	C	Dr Michael Clark (Rochford): To ask Mr Chancellor of the Exchequer, what is the member of civil servants currently employed; what is the cost of employing them; and if he will give comparable figures in real terms for 1979.	MR HANSFORD RCI	PMG
123	La	<del>Mr John McAllion (Dundee East): To ask Mr Chancellor of the Exchequer, what representations he has received seeking a reduction in the basic rate of income tax.</del>	+R	ORDINARY WRITTEN 16.12.87

CONFIDENTIAL



**FROM:** B O DYER  
**DATE:** 16 December 1987

**CHANCELLOR**

**cc** Chief Secretary  
 Financial Secretary  
 Paymaster General  
 Economic Secretary  
 Mr R I G Allen  
 Mr Cropper  
 Mrs J Thorpe

**CABINET : THURSDAY 17 DECEMBER 1987**  
**PARLIAMENTARY AFFAIRS**

The Lord Privy Seal will inform Cabinet of the business proposed for the Commons in the week beginning 11 January. I expect it to be as follows:

**Monday 11 January**

- 2.30pm: Transport Questions  
 3.30pm: **Second Reading of the Housing (Scotland) Bill**

**Tuesday 12 January**

- 2.30pm: Social Services Questions  
 3.15pm: PMs Questions  
 3.30pm: Ten Minute Rule Bill  
 (Post Office Exclusive Privilege: Mrs Teresa Gorman)  
 3.40pm: **[Remaining Stages of the Social Security Bill (1st Day)]**

**Wednesday 13 January**

- 2.30pm: Trade and Industry Questions  
 3.30pm: Ten Minute Rule Bill  
 (Medical Examination of Children at Risk: Mrs Virginia Bottomley)  
 3.40pm: **[Conclusion of Remaining Stages of the Social Security Bill]**

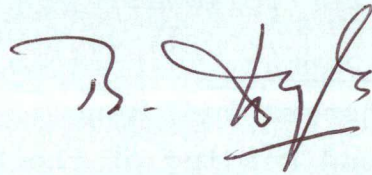
**Thursday 14 January**

- 2.30pm: **Treasury Questions (C/Ex, CST, PMG, EST)**  
 3.15pm: PMs Questions  
 3.30pm: Business Statement (LPS)  
 3.50pm: **Debate on a motion to approve the Autumn Statement**  
**[C/Ex & CST]**

Friday 15 January

9.30am: **Private Members' Bills** - Second Reading

1. Protection of Official Information Bill
2. Community Health Councils (Access to Information) Bill
3. Animal Ownership - (Disqualification) Bill
4. Data Protection Bill
5. Concessionary TV Licences for State Pensioners Bill
6. Slaughter of Deer Bill.



**B O DYER**  
Parliamentary Clerk





**FROM:** Assistant Parliamentary Clerk

**DATE:** 17 December 1987

*pp*

01-270 5008

**PRINCIPAL PRIVATE SECRETARY**

**PS/CHIEF SECRETARY**

**PS/PAYMASTER GENERAL**

**PS/ECONOMIC SECRETARY**

**cc** PS/Financial Secretary  
Mr Pickford - EB  
Miss Simpson - EB  
PS/IR  
PS/HMCE  
See attached list of  
copy addressees

Nigel Forman MP  
Tony Favell MP  
John Maples MP  
Michael Stern MP  
Mark Lennox-Boyd MP

**TREASURY FIRST ORDER QUESTIONS - THURSDAY 14 JANUARY 1988**

Please refer to my minute dated 15 December, I now attach Annex A listing the subject briefs for Treasury Oral Questions.

*LS*

*pp* C A HUTSON



LIST OF SUBJECT BRIEFS

European Community Affairs

Industry and Manufacturing

International Comparisons

International Debt

International Policy Developments

## COPY ADDRESSEES

## Under Secretaries

Mr Beastall	TOA
Mr Burgner	IAE
Mr Butler	EOG
Mr Culpin	FP
Mr Edwards	EC
Mr Evans	IF
Mr Freeman	CCTA
Mr Gilmore	HE
Mr Harris	JMU
Mr Hawtin	LG
Mrs Lomax	FIM
Mr Luce	RCS
Mr Moore	PE
Mr Mountfield	AEF
Mr Odling-Smee	MP
Miss Peirson	ST
Mr Peretz	MG
Mr Robson	DM
Mr Sedgwick	EA
Mr Spackman	ES
Mr Turnbull	GE

## Assistant Secretaries

Mr A R H Bottrill	EA2
Mr E Brown	RC2
Mrs M Brown	PE2
Mrs A Case	AEF2
Mr S Davis	MP1
Mr J Gieve	GEp1
Mr J Gilhooly	PAY 1
Mr P Gray	IAE3
Mr M Hansford	RC1
Mr J Hibberd	EAl
Mr N Ilett	FIM2
Mr S Matthews	IF2
Mr J Mortimer	EC1
Mr C Mowl	PSF
Mr P McIntyre	ST1
Miss J Noble	FIM1
Miss M O'Mara	MG1
Mr H Walsh	IF1
Mr C Welsh	FM1