

(Now Cover)

SECRET

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Pt 2.

Confidential Filing

Industrial Action in the Ports.

Future of Mersey Docks & Harbour Co.

Liverpool Port Problem.

Review of Port Policy

INDUSTRIAL

POLICY

S  
809

Pt 1 : October 1979.

Pt 2 : May 1982

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
6.9.82							
§							
6.12.84							
<del>pt ends:</del>							
PREM 19/1280							

PART 2 ends:-

SS/Transport to CST 10.12.84

PART 3 begins:-

E(LA)(85) 10 18.2.85.



TO BE RETAINED AS TOP ENCLOSURE

**Cabinet / Cabinet Committee Documents**

Reference	Date
CC(84) 31 <sup>st</sup> Meeting, item 3	20/09/1984
CC(84) 30 <sup>th</sup> Meeting, item 4	13/09/1984
CC(84) 27 <sup>th</sup> Meeting Limited Circulation Anx, item 4	19/07/1984
CCU(84) 16	17/07/1984
CC(84) 26 <sup>th</sup> Meeting Limited Circulation Anx, item 4	12/07/1984
E(A)(84) 9 <sup>th</sup> Meeting, item 1	20/03/1984
E(A)(84) 17	16/03/1984
E(A)(84) 16	15/03/1984
E(A)(84) 15	13/03/1984
CC(83) 14 <sup>th</sup> Meeting, item 5	28/04/1983
CC(83) 13 <sup>th</sup> Meeting, item 4	21/04/1983
E(EA)(82) 28	02/12/1982
E(EA)(82) 12 <sup>th</sup> Meeting Limited Circulation Anx, 2	03/08/1982
E(EA)(82) 22	29/07/1982
CCU(82) 31	04/06/1982
CCU(82) 25	19/05/1982
CC(82) 24 <sup>th</sup> Meeting, item 5	06/05/1982

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES

Signed J. Gray

Date 23/9/2013

**PREM Records Team**

## Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

House of Commons HANSARD, 16 July 1984, columns 33 to 43: Dock Strike

House of Commons HANSARD, 10 July 1984, columns 879 to 886: Dock Strike

Signed J. Gray Date 23/9/2013

**PREM Records Team**





NBPM BT 11/12  
DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon Peter Rees QC MP  
Chief Secretary to the Treasury  
HM Treasury  
Parliament Street  
LONDON SW1P 3AG

10 December 1984

*Dear Peter*

NATIONAL VOLUNTARY SEVERANCE SCHEME FOR REGISTERED DOCK WORKERS

Thank you for sending me a copy of your further letter of 4 December to Tom King. We discussed this briefly in Cabinet.

I think I have already answered your first question. If ABP cannot achieve the severances they want at Southampton, there is a serious risk of the action that they would probably then take leading to strikes in other ports. The important point as I see it is that we should not do anything that would thwart, or could be represented as thwarting, ABP's efforts to get those severances.

I agree that we should carry out a thorough review of the national voluntary severance scheme. The way it works, coupled with the form of support we have been giving to the ports of London and Liverpool on severances, is widening the distortions between London and Liverpool, the other Scheme ports, and non-Scheme ports. It is making it increasingly difficult to sustain the credibility of our policy that ports should compete for available business, because the competition is increasingly seen as unfairly based. I should be glad if Tom King's officials could liaise closely with mine in any review of the scheme. I suggest it should proceed in parallel with my consideration

in the coming weeks of the future of the Port of London Authority and the Mersey Docks & Harbour Company; there are obvious cross-links. My officials have kept yours in touch with our progress on this.

I am copying this to the Prime Minister, Willie Whitelaw, Tom King, Peter Walker and Sir Robert Armstrong.

*Gunn*

*Mondas*

NICHOLAS RIDLEY



Industrial Policy: Parts Pt 2.

11 DEC 1984

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

CONFIDENTIAL



NDBM  
AT 6/12

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 .....6640.....

Switchboard 01-213 3000

The Rt Hon Peter Rees QC MP  
Chief Secretary  
HM Treasury  
Great George Street  
London SW1

6th December 1989

Dear Peter,

NATIONAL VOLUNTARY SEVERANCE SCHEME

Thank you for your letter of 4 December in reply to mine of the previous day.

Willie Whitelaw, Peter Walker and Nick Ridley, who is perhaps in the best position of us all to judge how events might develop in the ports as a result of Southampton's difficulties, have all indicated that they think the borrowing should be authorised.

I accept the need for an urgent and detailed review of the NVSS. My officials will be having a first meeting with representatives of the port employers next Tuesday. The review cannot though be completed until we are in a position to decide how severances are to be paid for in the ports of London and Liverpool which in turn must depend on our approach to the financial problems of the Port of London Authority and of the Mersey Docks and Harbour Company. However I shall liaise with Nick Ridley on this with a view to putting detailed proposals to colleagues on EA as soon as possible. We shall keep your officials in the picture.

My Accounting Officer and I recognise and share your worries about the financial basis of the NVSS. But we are satisfied that authorising the borrowing is defensible.

Increasing the National Dock Labour Board's authority to borrow will substantially increase the chances of Associated British Ports securing the substantial voluntary severances at Southampton which they have said are needed if they are not to take precipitate action in the next few weeks. The likely industrial consequences of such action mean that the risk of default on existing commitments is greater if the authority is refused than if it is granted.

CONFIDENTIAL





I am therefore authorising the National Dock Labour Board to raise from commercial sources an additional £7.5m.

I am copying this to the Prime Minister, Nick Ridley, Peter Walker, Willie Whitelaw and to Sir Robert Armstrong.

*2m*  
*[Signature]*

5 DEC 1984

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SECRET

NORM  
AT 5/12



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PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

5 December 1984

Dear Peter

**NATIONAL DOCK LABOUR BOARD**

<sup>with AT?</sup>  
The Secretary of State for Employment has sent me a copy of his letter of 3 December to you about borrowing by the National Dock Labour Board.

I very strongly support his view that the NDLB should be allowed to borrow the further sum it needs; it would be disastrous if there were to be industrial disruption in the docks now. I should be glad to be involved in any discussion which may be necessary.

I am sending copies of this letter to the Prime Minister, the Secretaries of State for Employment, Transport and Energy and to Sir Robert Armstrong.

*Maom*  
*W. Rees*

The Rt Hon Peter Rees QC MP

SECRET

-5 DEC 1984





SECRET

NRPM  
AT  
4/12  
4/12/84.

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Tom King MP  
Secretary of State for Employment  
Department of Employment  
Caxton House  
Tothill Street  
London  
SW1H 9NA

*Attn Tom*

NATIONAL VOLUNTARY SEVERANCE SCHEME

*with AT?*

Thank you for your letter of 3 December about the authorisation of further borrowing by the National Dock Labour Board.

There are three related issues. The first concerns the danger that action by the port employers in Southampton could trigger industrial disruption. I am not well placed to question your judgement on this, but would be grateful if colleagues to whom you copied your letter could let me know whether they believe the danger is sufficiently serious to justify approval of the loan.

The second issue concerns public expenditure. It seems clear that, irrespective of further borrowing, the financial position of the NVSS is extremely shaky. The prospect of Government loan being repaid on time is beginning to look increasingly remote, and this has obvious implications for public expenditure over the next few years. An urgent and detailed review of the scheme is therefore necessary and I would welcome early proposals on the form it should take.

Finally there is the question of financial propriety. My misgivings on this score were set out in my letter of 29 November. However, the issue is essentially one for you and your Accounting Officer. If together you are satisfied that authorisation of the loan is defensible, then I would not stand in your way.

I am copying this to the Prime Minister, Nick Ridley, Peter Walker, Willie Whitelaw and to Sir Robert Armstrong.

*Yours sincerely  
Peter Rees*

PETER REES

-4 DEC 1984



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CONFIDENTIAL



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon Peter Rees QC MP  
Chief Secretary to the Treasury  
HM Treasury  
Parliament Street  
LONDON SW1P 3AG

4 December 1984

*Dear Chief Secretary,*

NATIONAL VOLUNTARY SEVERANCE SCHEME FOR REGISTERED DOCK WORKERS

I have seen the correspondence between you and Tom King <sup>with AT?</sup> on whether the National Dock Labour Board should be allowed to borrow commercially up to another £7.5 million for severance payments to registered dock workers.

I am sure Tom King is right to press that this extra borrowing shall be authorised and I urge you to reconsider. What concerns me is the situation at Southampton. Three weeks ago Keith Stuart, the Chairman of Associated British Ports, which runs Southampton, told me personally that unless manning scales there could be reduced and many more men severed, ABP would have to consider returning men to the National Dock Labour Board for placing on the Temporarily Unattached Register. He has just written to my Permanent Secretary to warn him that unless there is a major and unexpected change in the situation at Southampton during the next two or three weeks, or unless ABP are able to achieve substantial further voluntary severances there, they will have no alternative but to return most or all of their RDWs to the NDLB. This would almost certainly cause the TGWU to call a national dock strike.

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# CONFIDENTIAL

That is for Stuart and his board to decide, but if we refuse to will the means to enable more dockers at Southampton to be severed, we shall be blamed for having made it impossible for ABP to reduce their manning and for whatever consequences then flow from that. The severance payments have to be made by the NDLB; ABP cannot pay the men directly themselves. We cannot - nor should we try to - control events at Southampton, but we cannot afford to expose ourselves to the accusation that it was we who caused the port of Southampton to be killed.

I share your concern about the seemingly never-ending flow of money to pay off surplus dockers. But let us not lose sight of the perspective. In the 15 years since the National Voluntary Severance Scheme was first set up, the number of registered dockers has been reduced from 54,000 to about 12,500. In the past four years alone the number has been cut by 10,500. We are not quite at the end of this process yet, but it is within sight and within another two or three years the ports ought to be close to stability. Recruitment, meanwhile, has been negligible (some 220 in the past four years) and almost entirely in the successful small ports; it is the non-Scheme ports which have been expanding most. So there is minimal perpetuation of the evils of the Scheme.

Undoubtedly we need at some stage to put the financing of surpluses at all the Scheme ports, including London and Liverpool, on a more satisfactory footing. I do not think the moment is quite ripe for that yet.

These things may however all take on a rather different complexion when the coal dispute is over.

# CONFIDENTIAL



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Tom King asked for an urgent meeting if you still feel unable to change your mind on the extra borrowing by the NDLB. I very much hope that no such meeting will be needed, but if there is one I shall of course want to be at it.

I am sending copies of this letter to the Prime Minister, Willie Whitelaw, Peter Walker and Sir Robert Armstrong.

Yours sincerely,

Dinah Nichols

Private Secretary

pp NICHOLAS RIDLEY

(Approved by the Secretary  
of State & signed in his absence)

CONFIDENTIAL

4 DEC 1984

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 ABBM  
 CCND  
 AT 5/12

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6400  
 Switchboard 01-213 3000

The Rt Hon Peter Rees QC MP  
 Chief Secretary  
 HM Treasury  
 Great George Street  
 LONDON  
 SW1

2<sup>nd</sup> December 1984

*Dear Chief Secretary,*

Thank you for your letter of 29 November saying you cannot authorise any further borrowing by the National Dock Labour Board until there has been a detailed investigation of the scope for an increase in levy income and of the related public expenditure implications. In normal circumstances I could have accepted your view. But circumstances are not normal and the position has become even more urgent and serious than when I wrote to you.

In the last few days the port employers in Southampton have informed me and the Department of Transport that as things are developing unless they succeed in achieving, with the authority of the National Dock Labour Board, further substantial voluntary severances, they will either de-register as employers or return the surplus men to the Dock Labour Board's Temporarily Unattached Register. Either course would be clearly viewed by dockers as fundamentally breaching the Jones/Aldington agreement which as you know the dockers have long regarded as crucial to the operation of the Dock Labour Scheme.

This would be seen as a more direct and serious attack on the Scheme than anything that happened at Immingham or Hunterston earlier in the year which nevertheless led to national dock strikes. Widespread and damaging industrial disruption would follow, and could provide just the sort of boost the striking miners and their supporters are desperately seeking.

- 1 -

SECRET





The National Dock Labour Board meet this Thursday to consider Southampton's application for additional severance authorities. The ABP Board meet on 11 December to consider their next move. Whatever we do we may not be able to avoid the employers at Southampton taking precipitate action. But it would be disastrous if the blame for it could be laid directly at the Government's door, as it clearly would be if we blocked their moves to secure voluntary severances. I have no doubt that in the aftermath of industrial action port employers generally would be the more insistent that their financial obligations for past severances could not be met.

If you cannot now agree to allow the NDLB to increase its commercial borrowing by £7.5m we must meet with interested colleagues by Wednesday at the latest.

I am copying this to the Prime Minister, Nick Ridley, Peter Walker, Willie Whitelaw and to Sir Robert Armstrong.

*Yours sincerely,*

*Peter Smith  
(Private Secretary)*

(Approved by the Secretary of State  
and signed in his absence)



3 DEC 1984

11 12 1  
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10 DOWNING STREET

Prime Minister ②

At Cabinet yesterday  
reference was made to loss  
of trade from striking  
ports.

This note illustrates the  
risks that Liverpool dockers  
are running.

I do not think reference  
should be made to this  
explicitly as this would  
damage ACL's Commercial  
position - but the point  
can be made more  
generally

AT

21/9





2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434  
My ref:

Your ref:

17 September 1984

Mr Tynan  
To see  
nbp.

DND  
18/9

Dear David

EFFECTS OF THE DOCK STRIKE ON THE PORT OF  
LIVERPOOL

My Secretary of State was given the attached note about the effects of the current dock strike on the company Atlantic Container Line, and the Port of Liverpool generally, on Friday. He asked me to send copies to the Prime Minister, the Secretary of State for Employment and the Secretary of State for Transport.

I am sending copies of this letter and the note to David Normington and David Barclay.

Yours ever

AH

A H DAVIS  
Private Secretary

Dinah Nichols



## THE EFFECTS OF THE UK NATIONAL DOCK STRIKE

### ON ACL AND THE PORT OF LIVERPOOL IN THE SHORT AND LONG TERM

#### INTRODUCTION

Atlantic Container Line (ACL) is an international company formed by five major European shipping companies to provide a developing through transport service between Europe and North America. The companies in the Group are:

The Cunard Steam-Ship Company plc  
Compagnie Generale Maritime (CGM). (France)  
Intercontinental Transport (ICT) BV. (Netherlands)  
Wallenius Lines. (Sweden)  
Swedish Transocean Lines. (Sweden)

Cunard, CGM and Wallenius each have a 22.2% share holding, Swedish Transocean have 28% and ICT have 5%.

Cunard Steam-Ship, through its subsidiary Cunard Brocklebank Ltd (which also acts as manager), is responsible for the marketing and operation of ACL in the UK. ACL is the market leader in the UK North Atlantic trade with a market share of USA traffic in excess of 30% and a market share of Canadian trade of 25%.

In 1982, following extensive market and financial research, Liverpool was designated the sole UK port on the ACL itinerary. A great deal of marketing time and effort has been expended on both sides of the Atlantic to promote ACL in Liverpool and to improve the reputation of Liverpool. A recent joint advertising campaign between MD & HC and Cunard Brocklebank, the regular publication and distribution to the ACL market of a joint newsletter - "Atlantic Express", and the investment by ACL of £1 million in the Seaforth Terminal, testify to the strength of ACL's commitment to Liverpool. Liverpool offers ACL some important competitive advantages and the port has been performing reasonably well since the decision was made.

ACL now accounts for over 50% of the throughput of the Seaforth Container Terminal. The terminal would probably not be viable if ACL were to quit the port since it is unlikely that an operator of a similar size could be attracted to the port.

#### THE STRIKE AND ITS EFFECTS

Following the National Docks Delegates' decision to call a national dock strike on 24 August, the Liverpool workforce walked out at lunchtime the same day. Other ports delayed their decision until after the bank holiday and others voted on the matter. Most importantly, as far as ACL is concerned, the Port of Felixstowe voted not to join the strike.

At the time of the walk out ACL had a vessel waiting to load 640 twenty foot equivalent units (TEU's) of export cargo, 500 teus of which was already on the terminal. The vessel had to sail empty with a resulting irrecoverable loss of over \$450,000 in contribution to fixed costs. The 500 teus are now strikebound on the terminal.

Cont'd....,



ACL's ability to move UK cargo is now very strictly limited with no ports available for diverted vessels. Some small non-scheme ports have been used to feed cargo to Continental ports but the volume is insignificant and is an extremely costly operation.

ACL's major competitors at Felixstowe have benefited. The Taiwanese Evergreen Line began North Atlantic operations from Felixstowe on 4 September and because of the strike they have been able to secure a market share which would otherwise have been unachievable in so short a time. It is expected that as a result of the strike ACL will have suffered an irrecoverable loss of market share.

The disastrous financial consequences of the loss of market share, revenue and contribution cannot be overstated. ACL is introducing 5 Third Generation vessels this year - 3 are already in service - which require high load factors to operate economically. The total investment in these ships is \$300 million - a capital cost which cannot be serviced with a significantly lower UK market share. The UK is a vital market in the ACL schedules.

Clearly, the long term future of Liverpool as an ACL port is now in jeopardy. ACL cannot afford any long term disruption to its UK operation. The attitude of the market to Liverpool vis-a-vis Felixstowe is critical. Irrespective of ACL's own attitude towards Liverpool, the market may force ACL to Felixstowe given ACL's requirement to maintain the highest possible level of market share, revenue and contribution. Liverpool's recently burnished image was tarnished within hours of the walkout on both sides of the Atlantic.

The feeling that Liverpool has reverted to type is now a pervasive and pernicious influence on ACL's marketing activity in the UK and North America.

The attitude of those customers who have cargo strikebound at Liverpool will be prejudicial to ACL's future in Liverpool. Some of these are major ACL customers and the source of ACL's high UK market share. For instance Hall Brothers have strikebound containers of time-dated confectionery; Swizzles Matlow are similarly situated with containers of Halloween Packs of confectionery; and Kangol Hats have their Winter season stock strikebound. There is only so much disruption which exporters will tolerate on their own overseas marketing activity.

Should ACL be forced to Felixstowe along with other scheme-port operators there would be caused a concentration of deep sea services at that port which would be extremely vulnerable to disruptive industrial action. Such a concentration would not be in the best interests of UK exporters.

#### SUMMARY

ACL and the Port of Liverpool stand to lose a great deal from this strike. Yet neither party is in a position to directly affect the outcome. The union will not talk to the employers since they are not in dispute with the employers. ACL is frustrated in its efforts to maintain a UK service at every turn. ACL is the victim of an overtly political strike, which might, eventually, bring about the demise of the Royal Seaforth Container Terminal.

*File*

*Andrew Turnbull -  
to see*

WITH THE COMPLIMENTS OF

*Jeffrey M. Sterling*

4 CARLTON GARDENS, PALL MALL, LONDON, SW1Y 5AB



M E M O R A N D U M

TO: A.K. Black  
R. Leach  
W.F. Hunt  
H.C. Scrimgeour  
P. Thomas

FROM: R. Mann

REF: WRM/JKT

DATE: 4th September 1984

EXT: 300

Dock Strike

As requested at yesterday's meeting, I summarize below the provisions of Part II of the Trade Union Act 1984 which make trade unions' immunity for organizing industrial action conditional on the holding of secret and properly conducted strike ballots. These provisions of course have to be taken in the context of the law on industrial action as laid down by the Trade Union and Labour Relations Act of 1974 ("TULRA") and the Employment Acts of 1980, 1982 and now 1984, and case law, and I have therefore also provided a summary of the relevant provisions and their bearing on the dock strike.

1. SECRET BALLOTS BEFORE INDUSTRIAL ACTION.

The new provisions are contained in Sections 10 and 11 of the Employment Act 1984 which comes into effect on 26th September 1984 and will apply to any industrial action which is initiated by a trade union on or after that date.

Section 10 removes a trade union's immunity from legal action in cases where industrial action is authorised or endorsed by it without the support of a ballot. That ballot must have been held not more than four weeks before the industrial action begins, and a majority of those voting must have voted in favour of the action.

Section 11 sets out the conditions which strike ballots must satisfy - entitlement to vote must be given only to those the union reasonably believe will be called upon to take part in the strike or other industrial action, immunity will be lost if any member is called on to strike after being denied entitlement to vote, and the voting paper must be framed to provide simply "YES" or "NO" answers as to the action contemplated.

2. LAW ON INDUSTRIAL ACTION

As advised at earlier meetings, it is necessary to consider first whether there is a cause of action at common law, secondly whether that cause of action has been removed by the immunity conferred by Section 13 of TULRA, and thirdly whether that cause of action was restored by Section 17 of the Employment Act 1980. It is also necessary to consider the definition of "trade dispute" in Section 29 of TULRA and what is lawful picketing under Section 15 of that Act:-



2.1 Cause of action at common law: This is the **tort of actionable interference with contractual rights** and in the Merkur Ireland Shipping Corporation case in the House of Lords in April 1983 Lord Diplock held that there were four essential elements - first, knowledge of the contract and an intention to interfere with its performance; secondly, inducing breaches of contract of employment with the same intention; thirdly, actually procuring such breach, and fourthly, interference with the performance of the contract must be a necessary consequence of the breach of employment contracts. Note that the knowledge of the contract need not relate to a specific contract - in that case the defendants ITF were sufficiently familiar with the shipping industry to know that a time charter would almost certainly have existed, and they intended to prevent the ship owners from carrying out their contractual obligations under such a charter: also that the interference does not have to result in a legal breach of the contract - preventing or hindering performance is sufficient.

2.2 Immunity from legal liability: Section 13 of TULRA removes liability in tort for any act done by a person **in contemplation or furtherance of a trade dispute** which induces another person to break a contract or interferes or induces any other person to interfere with its performance.

2.3 Meaning of trade dispute: This is defined by Section 29 of TULRA as **cut down by Section 18 of the Employment Act 1982 to a dispute between workers and their employer** which relates **wholly or mainly to terms and conditions of employment** and similar industrial matters.

2.4 Restoration of legal liability: Section 17 of the Employment Act 1980 removes from the protection of Section 17 of TULRA any action where the contract concerned is not a contract of employment and involves **secondary action** (i.e. inducing another to break a contract of employment or interference with its performance) **which is not exempted secondary action** e.g.:-

(a) secondary action the purpose or principle purpose of which was directly to **prevent or disrupt the supply during the dispute of goods and services between an employer who is a party to the dispute and the employer** under the contract of employment to which the secondary action relates; and the secondary action was likely to achieve that purpose; and

(b) **lawful picketing** (see below) **which has secondary effects** i.e. primary picketing which induces not only workers to abstain from work at their place of work, but prevails upon workers for other employers e.g. lorry drivers delivering goods, to turn back;

2.5 Picketing: Under Section 15 of TULRA it is **only lawful** for a worker to picket if:-

(i) **in contemplation or furtherance of a trade dispute i.e. with his own employer;** and

(ii) **at or near his own place of work;** and

(iii) **if not lawful as above, the immunity from action under Section 13 TULRA is lost.**



2.6 Liability of unions: Section 15 of the 1982 Act repealed Section 14 of TULRA and thereby removed the almost complete immunity from actions in tort which trade unions have enjoyed since 1906. Trade unions themselves may now be liable for damages (within the limits set out in Section 16) for unlawful industrial action which was authorised or endorsed by the union. In addition injunctions may be issued against unions rather than just against individuals. The limit of damages varies from £10,000 to £250,000 according to the membership of the union. The limits do not apply to any fine which may be imposed for contempt of court if the union breaches an injunction to which it is subject.

### 3. CONCLUSIONS

3.1 The blacking or other disruptive action organised by the T&GW or the NUS, inducing interference with commercial (i.e. other than employment) contracts, is not protected by Section 13 of TULRA because:-

(i) their actions are not in contemplation or furtherance of a trade dispute (Section 13 TULRA) because -

(ii) under Section 29 of TULRA "trade dispute" means a dispute between workers and their employer relating wholly or mainly to terms and conditions of employment; and in any event

(iii) any immunity is lost for non-exempt secondary action under Section 17 Employment Act 1980: i.e. they could not claim exemption for "the prevention or disruption of the supply of goods and services between an employer who is a party to the dispute and the employer (e.g. P&O) under the contract of employment to which the secondary action relates".

3.2 Since there is no "trade dispute" all "dock gate" picketing would appear to be unlawful.

3.3 Ballots: As indicated above, for action taken from 26th September 1984 the trade unions would in any case lose their immunity under TULRA if they organize industrial action without first holding secret and properly conducted strike ballots.

3.4 Remedies: An action lies for injunction and damages for any interference with the performance of a "commercial contract" e.g. the ability to perform contracts of carriage, and also (for action initiated from 26th September without appropriate ballot) for inducing a worker to break his contract of employment.

*P. Mearns*



# P&O Legal Department

To R. Leach

From W.R. Mann

cc A.K. Langley  
J.P.A. Motion  
J.G. Turner

Ref: WRM/JKT

Date 6th September 1984

Ext: 300

## Legal rights in Southampton

Thank you for your note following our discussion with regard to compensation.

As indicated in paragraph 3 of my advice note of 4th September, there can be no doubt that the actions of the T&GW are not protected from legal liability because their workers do not have a "trade dispute" within the meaning of Section 29 of the Trade Union and Labour Relations Act, and furthermore they could not claim that this is exempted secondary action under the Employment Act 1980.

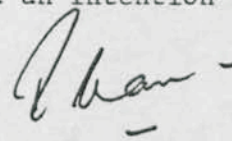
In my view it is therefore a question of establishing whether there has been any actionable interference with our contractual rights - and this is where John Turner is going to brief me. For instance I understood from AKL that there are no fixed contracts with the port authority for the berthing of Canberra. There has undoubtedly been interference with the operation of our business - but it is doubtful whether this has been established in English law as an actionable tort. On the other hand we do have contracts with our passengers, and whilst those contracts (under our trading conditions) exclude liability arising from the dock strike, this is probably a classic example of such interference with performance as is mentioned in paragraph 2.1 of my advice note.

Perhaps John Turner with appropriate colleague(s) would like to discuss possible areas for claim, bringing with him the relevant documentation.

The limit of damages is dependent on the membership of the union - if more than 25,000 but less than 100,000 the limit is £125,000 but if the membership is over 100,000 then the limit is £250,000, exclusive of legal costs. The limit relates to "any proceedings in tort" but I think it would relate to any one claim, and we could probably make a separate claim in respect of every sailing that was disrupted.

I was glad to note the last sentence of your memo - as you know I am distinctly unenthusiastic about P&O issuing the first writ!

Assuming that the facts would justify a claim, and that perhaps my views were supported by Counsel, a more moderate course might be to write to the Union stating briefly our view of the law, pointing out the additional costs we are incurring in moving our passengers between Southampton and Cherbourg, repeating our request for dispensation and asking for a contribution to the costs already incurred: a mild sort of "letter before action" without too much of an immediate threat of the action? That would certainly improve our position if we subsequently took legal action because it would satisfy the first element in the tort of actionable interference with contractual rights (2.1 of my advice note) - knowledge of the contract and an intention to interfere with its performance.





PRIVATE & CONFIDENTIAL

From R Leach

To W R Mann

cc A K Langley  
J P A Motion/  
J G Turner

6th September 1984

LEGAL RIGHTS IN SOUTHAMPTON

As discussed briefly on 5th September, P&O Cruises has been forced to incur very substantial incremental costs due to our inability to operate our scheduled services into the Port of Southampton as published in our brochure. This very serious and costly disruption of our business is caused wholly and exclusively by national officers of the TGWU instructing their members in Southampton to refuse to berth or handle the ships. Our own major top level efforts to seek a dispensation for CANBERRA (and SEA PRINCESS) on grounds that they cater exclusively for holiday passengers have not met with any tangible sympathetic response.

In consultation with JGT, would you please advise on whether we could seek recovery of our out-of-pocket incremental costs by legal means, taking suit against either TGWU or Associated British Ports. As always, your advice does not necessarily imply that the legal route would be chosen even if our likelihood of success appeared to be great.

*RL*



M E M O R A N D U M

TO: The Chairman

FROM: R. Mann

cc H.C. Scrimgeour

REF: WRM/JKT

DATE: 7th September 1984

EXT: 300

Dock Strike : Civil Remedies

1. The disruptive actions of the T&GW in organizing withdrawal of labour and picketing (except possibly against British Steel) are not protected from legal liability to aggrieved parties because:-

1.1 The immunity under Section 13 of the Trade Union and Labour Relations Act is limited to a trade dispute between workers and their own employer relating wholly or mainly to terms and conditions of employment;

1.2 Their action is not protected by Section 17 of the Employment Act 1980 because the prevention or disruption of the supply of goods and services is not between an employer who is a party to the dispute and the employer under the contract of employment to which the secondary action relates; and

1.3 Picketing is only lawful by a worker if in contemplation or furtherance of a trade dispute i.e. with his own employer and at or near his own place of work.

2. Civil Remedies: The available causes of action at common law are:

2.1 The tort of actionable interference with contractual rights - interference short of causing a legal breach of the contract is sufficient;

2.2 A possible tort of "interference with trade or business"; and

2.3 Trespass, in the case of unlawful picketing.

3. Potential Claims and Claimants: whilst a large volume of shipping and road transport business is conducted on a 'spot' or casual basis, without fixed contract, the following are examples of potential claims:-

3.1 Cargo contracts to a nominated port closed by the strike: notwithstanding that the ship was diverted to another port and unloaded, and the ship owner was excused from liability for breach caused by strike action, there would be actionable interference with the cargo contract - and the shipper could claim recovery from the union;

3.2 Contracts between port authorities and ship owners for berthing and loading/unloading: where this is undertaken under a fixed term contract e.g. between ABP and Pandoro Fleetwood, both parties would have a right of action against the union for interference with that contract;



3.3 Cruise passengers: whereas most cruise ships dock at the "home port" on a casual basis i.e. under Port Authority regulations without a term contract, there is of course a travel contract between the cruise passenger and the cruise operator. The inability to berth and pick up passengers at the home port constitutes interference with the travel contract, actionable by both cruise operator and the individual passengers - although that interference, and the need to transfer both the cruise ship and the passengers to an open port, does not constitute a legal breach of the travel contract;

3.4 General interference with trade or business: obviously this would cover all the effects of the disruptive action whether or not there had been interference with an identifiable contract, but it is still regarded as a putative tort - not yet firmly established in our law;

3.5 Trespass: whilst there is actionable trespass in the case of unlawful picketing on private premises, it must be doubtful whether there would be cases where commercial loss was directly attributable to the trespass, but injunctive relief would be available.

*J. Han-*



CONFIDENTIAL

FILE DCAAF



cc HMT	DOE	LPO
NIO	LPSO	CO
D/N	DTI	
SO	COLT	Min/Arts
WO	D/M	
	MAFF	
	CSO	

10 DOWNING STREET

From the Private Secretary

11 September 1984

Dear Dinah,

Port of London Authority

The Prime Minister has seen your Secretary of State's minute of 14 August and the replies from the Secretaries of State for the Environment and Employment and from the Chief Secretary. She agrees with his proposals for the principles by which port rates should be set and for the reduction suggested for 1985.

She looks forward to receiving before the end of the year his detailed proposals on the restructuring of the PLA. She agrees with the Chief Secretary and the Secretary of State for Employment that it would be premature to enhance redundancy terms until it is clear how many acceptances there have been on present terms.

She hopes the timing of any announcement, which will have implications for the PLA's finances, will be considered carefully in relation to the current dispute.

I am copying this letter to Private Secretaries to members of E(A), Janet Lewis-Jones (Lord President's Office), and Richard Hatfield (Cabinet Office).

Yours sincerely  
Andrew Turnbull

Andrew Turnbull

Miss Dinah Nichols,  
Department of Transport.

CONFIDENTIAL

dg





Seen by PM

10 DOWNING STREET

From the Private Secretary

Prime Minister

PLA Ballot

2,806 ballot papers issued

1445 returned by lunchtime

1398 favour a return to work

41 favour continuing strike

6 spoiled papers

1361

leaving ~~404~~ not returned.

Victor Paige will be claiming this as a victory. He is writing to Max Evans to say PLA has no dispute with T&G and to urge an end to strike. He will write to dockers reiterating assurances on jobs if union cards are withdrawn. PLA will have a telephone counselling service available for anyone who is worried.

AT

10.9.84



PRIME MINISTER

cc Bob Young

*Agreed - but I assume we wait until the dock strike is over before making any announcement - especially as the strike could adversely affect the P.L.A.'s finances*

Port of London Authority

Mr. Ridley minuted you on 14 August on the issues arising from the appeal by private operators against the port rates which the PLA was charging them. An inspector was appointed to consider their appeal and his report argued that the private operators received little or no benefit from the PLA to justify the port rates. Abolishing them would cost around £10 million in revenue foregone.

Mr. Ridley does not accept the inspector's argument. He believes the PLA's operations can be divided into three:

- (i) its conservancy function
- (ii) its role as employer of last resort
- (iii) its commercial operations.

Mr. Ridley accepts that port rates levied on private operators should not be used to subsidise losses made under (iii) but should make a contribution to the other two functions.

He suggests that adoption of these principles would involve cutting port rates by £8 million but in order to give the PLA time to adjust Mr. Ridley proposes, in his response to the inspector's report, to cut rates by 30% for 1985, with the implication that further cuts will be made in subsequent years.

This loss of £3 million next year with more to come highlights the financial difficulties of the PLA. Mr. Ridley suggests that the PLA should be restructured into



three separate subsidiaries:

- (i) the Tilbury Dock
- (ii) the surplus real estate
- (iii) the conservancy function.

The objective should be to privatise the Dock and sell off the surplus real estate leaving the PLA as a conservancy body. To achieve this Mr. Ridley suggests that it may be necessary to improve the redundancy terms in order to accelerate the elimination of surplus manpower.

Mr. Ridley is not seeking decisions at this stage but promises a more detailed paper by the end of the year. Following the statement made during the course of the first dock strike these restructuring proposals would take place within the National Dock Labour Scheme.

Colleagues agree on his proposed response on port rates, look forward to proposals on restructuring, and welcome efforts to accelerate the disposal of surplus land. Both Mr. King and the Chief Secretary point out that applications for redundancy on the present terms have been high and that enhancement of the terms now is premature.

Agree

- (i) Mr. Ridley's proposed response on port rates.
- (ii) To await detailed proposals on the restructuring.
- (iii) That no enhancement to redundancy terms should be made at present.

AT



CONFIDENTIAL

CCND



FROM: CHIEF SECRETARY  
DATE: 7 September 1984

PRIME MINISTER

**THE PORT OF LONDON AUTHORITY**

I have seen Nicholas Ridley's minute of 14 August and agree with his proposals on port rates and the PLA.

2 This exercise has thrown the financial problems of the PLA into clear relief and we should, as Nicholas proposes, take the opportunity to tackle them resolutely once the current dock strike is settled. I note the suggestion that we may have to bear further costs in buying out London dockers. But the current severance offer is going well and there may be no need of a higher offer in London and Liverpool. Any higher offer will be bound to repercuss on other ports and possibly on other industries. As Tom King says, we would need to look at any suggestion for further improvement with the greatest care.

3 I welcome Nicholas' proposals for reorganising the Authority as a holding company with three wholly owned subsidiaries. I would be grateful if my officials could work with his in drawing up the detailed proposals. We shall need to avoid any premature notice of our intention to sell. The allocation of surplus labour is likely to prove a particularly knotty problem: if Tilbury retains the role of employer of last resort we are likely to have difficulty in finding a purchaser. I would not like to see an open-ended commitment to fund surplus labour through port rates: employers must have an incentive to encourage redundant workers to leave the industry. Although I appreciate the difficulties, I suggest that we should consider the implications and feasibility of reverting to the position in other ports where surplus registered dock workers are shared pro rata between all employers.

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4 I am copying this minute to members of E(A), the Lord President, and to Sir Robert Armstrong.



PETER REES

CONFIDENTIAL



IND PA #12

PORTS





ECNO

DEPARTMENT OF TRADE AND INDUSTRY  
1-19 VICTORIA STREET  
LONDON SW1H 0ET 5422  
TELEPHONE DIRECT LINE 01-215  
SWITCHBOARD 01-215 7877

Secretary of State for Trade and Industry

5 September 1984

CONFIDENTIAL

NCPM  
AT 6/9

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

*D Nicholas.*

Thank you for copying to me your letter of 14 August to the Prime Minister about your decision on the appeal by the London Wharfingers Association against the port rates levied by the Port of London Authority, and on your outline proposals for the future of the Authority.

2 I am content for you to proceed on the lines you propose in respect of the appeal against the PLA port rates and I look forward to receiving your more detailed proposals on the future of the PLA which will contribute to our policy of restoring a greater commercial self-reliance for the PLA.

3 I am copying this letter to the Prime Minister, colleagues in E(A), the Lord President and to Sir Robert Armstrong.

*Norman*  
NORMAN TEBBIT

JH5AHN

Ind for points

1211  
1211



CONFIDENTIAL

AF via Preams re: CC NO

AT 5/9



Caxton House Tothill Street London SW1H 9NF  
6400  
Telephone Direct Line 01-213.....  
Switchboard 01-213 3000

The Rt Hon Nicholas Ridley MP  
Secretary of State  
Department of Transport  
2 Marsham Street  
LONDON SW1

5<sup>th</sup> September 1984

Dear Nick,

**PORT OF LONDON AUTHORITY**

Thank you for sending me a copy of your note of 14 August to the Prime Minister. I would not wish to dissent from your general proposals - though you will presumably be considering the timing of any announcement in the context of the present situation in the docks - I do though have reservations about your comments on severance.

Despite the earlier pessimism of PLA management the recent Special National Voluntary Severance Scheme with its maximum payment of £25,000 was extremely successful in attracting volunteers. Nationally there were more volunteers than the industry is seeking to lose. Only in the case of Liverpool and Hull was there a significant shortage of applicants.

In London, even after allowing for cancellations the number of applications (556) exceeded PLA's much publicised estimated surplus of 500 and substantially exceeds their visible surplus of 350 for which they have National Dock Labour Board authority to sever.

This does not suggest to me an urgent need for an enhanced severance offer. Nor do I think it is for us to set severance terms for the industry. Since we took office the number of registered dock workers has halved. Although the unions oppose severance this has been achieved, and the costs to Government reasonably contained, by leaving it to the employers in the industry to develop their own proposals.

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I expect the employers to approach me in the autumn with their proposals on the financing of severance when present levy arrangements expire and when interest on outstanding loans becomes payable in April 1985. That I think would be the time to seek from them their proposals on future severance requirements and the associated level of severance payments.

I am sending copies of this letter to the Prime Minister, to other members of E(A), to the Lord President and to Sir Robert Armstrong.

*Zu*  
—  
*la*

-2-

CONFIDENTIAL



Industrial Policy: Part 1+2

9  
8  
7  
6  
5  
4  
3  
2  
1

SEP 1984

BP with the  
Ministerial response

AT 4/5

CCND

CONFIDENTIAL



2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434  
My ref:

Your ref:

3 September 1984

Dear Nick,

PORT OF LONDON AUTHORITY

Thank you for sending me a copy of your note of 14 August to the Prime Minister on this subject. I have noted your decision on the appeal against Port rates. I welcome in particular your proposal to set up a real estate subsidiary with the task of disposing of the PLA's remaining non-operational assets, in so far as it will help secure the release of large tracts of development land in Docklands.

I am sending copies of this letter to the Prime Minister, to other members of E(A), to the Lord President and to Sir Robert Armstrong.

PATRICK JENKIN

The Rt Hon Nicholas Ridley MP



IND PST PT 2

INDUSTRIAL ACTION IN THE PORTS

PRIME MINISTER

Dock Strike

You may find it helpful to have a brief note on the situation before you see the Transport Secretary at lunch.

There is a very good summary on Page 2 of the Sunday Times which tells most of what is to be said.

Dover and Folkestone are working normally and there is no picketing.

Although Barry has voted to go back to work to unload a cargo of bananas, the strike will probably be resumed when the work is finished.

There is some grumbling among the labour force at Bristol but no real sign of determination to cross picket-lines.

Men at Hull are seeking a recall of the National Delegate Conference, but for the wrong reason: they allege a breach of the Dock Labour Scheme at Grimsby.

No real change at London. The PLA are dubious of a management ballot which they think will only harden attitudes. But you may find that Mr. Ridley disagrees with this judgement.

There is a particular problem at Aberdeen over a cargo of sheep and cattle from the islands. TGWU officials want it unloaded fearing bad publicity but the men are refusing.

CHARLES POWELL

2 September, 1984



(In)

Pa  
ans  
25/9

Prime Minister  
Depositing news

CC IND FOR PTZ  
PORTS

MR FLESHER

31 August 1984

31/8

STRIKES: LATEST INFORMATION

I gather that the Prime Minister asked this morning for more information about events at Tilbury and about NIC contributions from striking miners.

TILBURY

There were reports this morning that the TGWU was fining dockers who returned to work at Tilbury. The position seems to be this:

1. According to the PLA, pickets are 'asking for' (and presumably obtaining) union card numbers from members entering the dock.
2. The TGWU apparently intend to call such members before branch officials to 'consider disciplinary penalties'. The union rules allow a maximum fine of £30 for any single instance of misconduct.
3. Dockers who refuse to pay a fine may be suspended by their branch. They have a right of appeal to



regional and national committees; but they may be expelled from the union by these committees if they lose the appeal and still refuse to pay the fine.

Since Tilbury is a closed shop, suspension or expulsion from the union amount to suspension or dismissal from the dock.

4. Any docker who is suspended or expelled has a right to appeal to an Industrial Tribunal against the Union. We are advised that, under section 4 of the Employment Act 1980, and sections B and D of the 1983 Code of Practice, the docker would have good grounds for arguing that the expulsion was unreasonable. If the Tribunal found that it was unreasonable, the union could be ordered to pay compensation up to £20,000. (Tribunals usually take two or three months to reach decisions; but informal pressure might be applied by D/Emp to speed them up.)

5. We believe that the docker would not have any additional redress against his employers, since the provisions of the Employment Acts dealing with closed shop dismissals do not come into force until later this year.



CONTRIBUTORY BENEFITS FOR STRIKING MINERS

Miners on strike do not pay national insurance contributions  
and receive no credits.

The national insurance contributions paid during a given tax  
year govern the amount of unemployment and sickness benefit  
to which the contributor is entitled during the following  
calendar year. The amount paid by miners from April 1984 to  
April 1985 therefore governs the amount of benefit to which  
they will be entitled from January 1986 to January 1987.

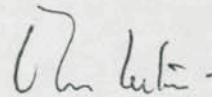
The rule is that, to qualify for full benefit in a given  
calendar year, one must have paid a contribution equal to  
fifty times the contribution demanded each week from a  
person on the lower earnings limit of £34 p.w. The  
amount of benefit decreases in steps as the amount of  
contribution falls below this sum.

This means that a miner earning £180 p.w. would have to pay  
contributions for ten weeks between April 1984 and April  
1985 to qualify for full unemployment and sickness benefits  
during the calendar year 1986; if he contributed for only  
7.5 weeks, he would be entitled to 75% of the benefits; if  
he contributed for five weeks, he would be entitled to 50%;

and if he contributed for less than five weeks, he would not be entitled to any benefit.

The result is that miners on £180 p.w. will begin to lose contributory benefits in 1986 only if they remain on strike beyond the middle of January 1985, and will lose all such benefits only if they remain on strike after the middle of March 1985.

It should, of course, be remembered that a miner who loses contributory benefits may nevertheless receive supplementary benefits which more than compensate for the loss.



OLIVER LETWIN





File

DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

Tim Flesher Esq  
10 Downing Street  
London  
SW1

31 August 1984

Prime Minister

Dear Tim

DOCK STRIKE

As promised on the phone earlier this afternoon, here is a list of scheme ports working and not working today (as I told you, we understand all non-scheme ports are working). And I also attach copies of the letters from PLA to the TGWU and to all PLA employees.

I will speak to you again about the proportion of sea-borne trade getting through, and about the latest situation at Tilbury. I am copying this to David Normington at DEMP.

yours ever,

Henry Dawson

H C S DERWENT  
Private Secretary



## Port of London Authority

LESLIE FORD HOUSE  
TILBURY DOCKS  
TILBURY, ESSEX RM18 7EH  
TELEX 99267

Tel: Tilbury 3444 Ext. 97/ 475

Reference

From: The Chief Executive

John N. Black

TO: All PLA Employees

31st August, 1984

The Chairman of the Port of London Authority has today sent the attached letter to Moss Evans at the TUC in Brighton.

We must resolve this matter urgently. We are being crippled by a dispute not of our making and in which the Port of London is not involved.

Please help your Port return to normality by demanding a further mass meeting for Monday, 3rd September or Tuesday, 4th September in order that an unambiguous resolution is put to the meeting which will resolve clearly whether you wish to return to work or remain on strike.

*John N. Black*

John N. Black  
Chief Executive



ATTENTION Mr. FURK  
S 2/02

Chairman: V. G. Paige, CBE

Enrwn J. K. M. G. P. L. N.  
CHIEF EXECUTIVE  
PLN



PORT OF LONDON AUTHORITY  
INTERNATIONAL HOUSE  
1 ST CATHERINE'S WALK

Telephone: 01-4811491

31st August, 1984

*See next.*

The mass meeting at Tilbury yesterday has resulted in total confusion. There is a strong conviction that the men had agreed by a substantial majority to return to work. The announced decision by the Chairman of the meeting to remain on strike was a direct contradiction of this. Indeed a Teller at the meeting has publicly stated that there was a heavy majority in favour of a return to work.

The Port is open for business; employees are working. However if this present confusion continues, the consequences for the Port and its employees will be disastrous; we ask you therefore as a matter of urgency to arrange a further Mass Meeting for Monday, 3rd September or Tuesday, 4th September. Furthermore we urge you to ensure that an unambiguous resolution is placed before the meeting which will resolve clearly whether the men wish to return to work or remain on strike.

This is a crisis situation demanding urgent attention. We ask you for a speedy response.

To ensure that there is no lapse in communications we are sending a copy of this letter to your officials and to our employees.

Yours sincerely,

V.G. PAIGE

A.M. Evans, Esq.,  
General Secretary,  
Transport & General Workers' Union



SCHEME PORTS ON STRIKE (<sup>31</sup>~~31~~)

BARRY - ROWS meet again on Saturday before next Coast boat due

BIRKENHEAD

BRISTOL

BROMBOROUGH

CARDIFF

ELLESMERE PORT

FLEETWOOD - MEET AGAIN ~~4/9~~ 3/9

GALSTON

HULL

LIVERPOOL

MANCHESTER - some wharves working

NEWPORT

PORT OF LONDON - ~~including~~ BSC terminal some cargo moved at port (including grain) / 2 CONTAINER SHIPS BEING WORKED

PORT TALBOT - excluding BSC terminal

SOUTHAMPTON

SWANSEA

~~LONDON~~

SCOTLAND

FISH PORTS + WORKING ASH TRAFFIC WITH TFC DISPENSARY BUT

ABERDEEN - ROWS VOTED AGAINST TFC ~~DISPENSARY~~ DISPENSARY FOR GRASS/SHEEP LIVESTOCK

ARDROSSAN

AYR

KIRKCALDY

BURNT ISLAND

LEITH

DUNDEE

METHILL

GLASGOW

TAY PORT

GRANGEMOUTH

TROON

GRANTON

GREENOCK

(FOURTH PORTS MEET AGAIN 4/9)

IRVINE



SEVERE PORTS WORKING NORMALLY (42)

- Barrow
- Blyth
- Boston
- Charlestown
- Dunstan
- Falmouth
- Fowey
- Gateshead
- Gloucester ~~(Sharpness)~~
- Goole - voted this morning to continue working
- Great Yarmouth
- Grimsby/Lowmington
- Hartlepool
- Ipswich - Kings Lynn - reviewing position daily
- Lowestoft
- Medway and Swale (5 ports in all)
- Newcastle
- ~~North Shields~~ Newlyn
- North Shields
- Par
- Perryn
- Penzance
- Plsmouth
- Poole
- Roncar
- Seaham
- Sharpness
- Silloth
- South Shields - ~~mass meeting today~~
- Sunderland - mass meeting today
- Teeside
- Truro
- Weymouth - bar on freight to Channel Islands
- Wisbech Whitehaven
- Wisbech
- Workington

DOCK STRIKE: PUBLIC LINE TO BE TAKEN FOR THE PRESENT

The objectives should be:-

(a) to encourage more dockers to increasingly question and resist the strike decision and remain at or return to work;

(b) to point to the variety of explanations given by TGWU officials as to what the strike is about;

(c) to stress that for dockers a strike is self-defeating, with the consequences of a further loss of pay and a clear threat to their own jobs;

(d) to seek to encourage demands from dockers themselves for a proper vote on the strike call and to point to occasions when this is denied.

2 The tone should be low-key (at least for the present) and comment should avoid any direct appeal from Ministers to dockers to continue working, any condemnation of dockers generally on the grounds that they are politically motivated, or any too stark portrayal of consequences for the economy generally of a long-running strike.

3 Points to make:-

(a) It is obvious that a great many dockers - very possibly the majority - are reluctant to strike.

(b) They are being instructed to strike with the sacrifice of a further loss of pay and an increased threat to their own jobs for no good and sufficient reason.

(c) Calls for a proper and democratic vote on the strike call are being denied in some ports; in others show of hands decisions are being questioned and challenged by dockers themselves. In most cases



where dockers have voted freely they have decided to remain at work.

(d) The strike cannot be in protection of dockers' jobs. Connelly (National Docks Officer of the TGWU) has said that the strike call is not about the Dock Labour Scheme. A strike can only put dockers' jobs at risk.

(e) Dockers are being instructed to strike in support of Scargill's campaign; they are being asked to sacrifice their pay and jobs to his ambitions.

(f) Because of the importance of the jobs they do, it appears that they are at risk of being continually identified as conscripts to the causes of others, whatever these may be.

(g) In some cases where dockers have decided to remain at work, threats of pickets to prevent them from doing so are already evident. In the course of the miners' dispute a new industrial tactic has been developed, "if you can't persuade them out, picket them out". This is a gross distortion of generally accepted union practice.

(h) [As to detail] the tying up of the Ostia at Hunterston by contractors employed by the Clyde Harbour Authority for over 25 years has not been found in breach of the Dock Labour Scheme and is no threat to dockers' jobs.

(i) National leaders of the TGWU say that the dispute can be settled if BSC agree to accept a severe limitation to supplies of coal for Ravenscraig. But workers there, including the TGWU's own members, are desperately anxious to preserve their jobs. Any limitation of supplies put them at risk.

(j) The Opposition (John Smith) says that the Government should intervene. To do what? To put at risk steelworkers' jobs to bring peace from the

TGWU who are calling for sacrifices from their dockers members in support of Scargill's ambitions? Which in turn are resulting in unnecessary hardship - and much worse - for many miners and their families.

4 Quotes displaying the confusions about the objectives of the strike are attached.

30 August 1984



QUOTES

- Last Friday, Mr Connelly said the strike call was not influenced by Dock Labour Scheme issues but "was in support of the union's policy over the miners' dispute" and "based on the use of 'scab' labour to berth the Ostia".
- On Sunday Mr Ron Todd said (rather confusingly) that the strike had not been called in support of the miners but in response to BSC's refusal to accept limitations on the supply of coal to Ravenscraig! Mr Connelly has also said that the strike could only be resolved by BSC agreeing to an 18,000 ton quota of coal for Ravenscraig.
- In Scotland, Mr Gilligan has repeatedly said that the strike was about the use of non-union labour for mooring the Ostia. He has added that the target is not people or animals (ie sheep from the Islands) of multi-national oil companies!
- On Tuesday, at a mass meeting at Southampton Mr Pearce, a local dockers' leader, is reported (on press tapes) to have said that the strike was over "the protection of dockers' jobs".
- Mr Harryman, a divisional officer of the TGWU covering Southampton, is reported to have said on Tuesday that the "use of scab labour at Hunterston is a direct attack on the scheme".



# BROADSHEET DISTRIBUTED AMONGST DOCKWORKERS AT TILBURY

## LET COMMONSENSE PREVAIL

Dear Brothers

We would like to take this opportunity of asking you to read this newsletter very carefully and give the items some deep thought.

Once again we are being asked to lose wages and put OUR JOBS at risk. The P.L.A. are fighting for survival and that survival means OUR JOBS too.

We've just got over a two week strike and now we can see the wheels being put in motion for us to come out yet again.

We're appealing to you all to stick together and push for a ballot or a vote not to be dictated to and to learn from the T.V. like we did a few weeks ago that we are on strike and we have no say in the matter and that we are being used for the miners.

Nobody has ever supported us and we've been on strike in the past more than any industry in the country but collections and food parcels have not come our way and nor have the dockers in all their strikes turned to mob rule and violence like we see today, but we'd like to say, not all the miners are rebels but those few who are, are making it bad for the others. The majority of miners are law abiding citizens and if there was a vote today they would be back at work tomorrow.

As you know, London Docks have closed down; there were efforts to try and stop the closure but for the P.L.A. to be viable and to compete with private Docks this had to be so. We had to accept automation. A lot of our Trade Union officials could see there was no option but Scargill will not see reason in the coal industry and these closures will have to be so.

The Union is there to fight for OUR wages and conditions. It is OUR contributions which put these men in their jobs to represent us - so please don't let them dictate to us. The rank and file should have a say and not be dictated to by the few.

BALFOUR - when we do end up at No. 1 Shed for a meeting the call from the platform will be "they're using scab labour" or "un-registered men" but they know at this particular place of work, there is nothing in any agreement which prevents British Steel berthing the ship and unloading it using it's own employees as the dock workers only assist there. This is normal practice at Humberston, but because of Union threats British Steel have held back while talks with the National Dock Labour Board have been held, but these have got nowhere so far.

Let us hope commonsense prevails, but we believe that certain Union Officials are just looking for some excuse to use us in support of the miners and we only hope that if the Union Officials do call a National Dock strike and go ahead with it's threat, the strike will swiftly collapse under the resentment of the members being used as battering rams.

Most of us dockers are middle of the road, it's only the minority who are the militants, who we hear calling for us to be out. Let us stand up and be counted making our voices heard and stick together as we did in June - overturning the vote for a one day token strike in support of the miners.

Look at the conditions which the miners are being offered. They are far better than anything which has been offered to any other workers in the Country, even the dockers severance and conditions, so don't let us bury our heads in the sand - stick out for a Ballot / Vote.

From a Group of concerned workers.



**MIRROR  
COMMENT**

# Politics in the dock . . .

**THE dock strike is crumbling almost before it has begun.**

But it was always doomed to failure. A political strike like this can never succeed.

To end any strike a settlement must be possible. Certainly most miners want to end their dispute honorably.

But there can be no solution to a political strike. The dockers know that.

**THEY KNOW** this strike was called by their leaders to support the miners.

**THEY KNOW** that nearly one out of three miners is at work.

**THEY KNOW** that this strike began after steelworkers unloaded the coal ship Ostia only to defend their own jobs—and those of the miners at Polkemmet.

This dispute will achieve nothing except to turn worker against worker.

## Excuse

Nothing shows that more clearly than yesterday's decision by the Immingham dockers to stay at work.

They started last month's stoppage over a breach of the dock labour agreement. But this new dispute has nothing to do with that. It is just an excuse.

The dock strike is as unwelcome to those union leaders who want to solve the miners' dispute as it is welcome to Mrs Thatcher.

The Prime Minister wants to rule the country by exploiting divisions in the unions. And the timing is perfect for her.

In just a week the Trades Union Congress meets. It was bound to be split by the miners. Now, unless the lead from Immingham is followed, it may be torn apart.

Political extremists will blame Mrs Thatcher, blame the Government, blame the Coal Board, blame British Steel, blame the TUC and blame those who cross picket lines.

**But the truth is, there is no one to blame but themselves.**



SUBJECT FILED ON

PRIME MINISTER

NAT UND: Coal Pt 11

MISC 101(84)34th Meeting

## COAL

You will wish briefly to take stock of events of the past three weeks. I understand that the Department of Energy will be circulating a fuller version than usual of the report which has been prepared daily during August: this will provide useful background. You will wish to hear from:

- i. Parliamentary Under-Secretary of State for Energy
  - on production and endurance;
  - on the drift back to work and the NCB's tactics for increasing it;
  - on what was involved in the "Stan Orme" compromise proposal which was presented on 2 August and featured in a televised debate between Mr MacGregor and Mr Scargill on 22 August; and
  - on the prospects, if any, for renewed negotiations between the NUM and the Board.
- ii. The Home Secretary
  - on public order; and
  - on the rate of prosecutions.
- iii. The Secretary of State for Transport
  - on coal traffic (which is set to show the best weekly total for some time, comfortably over 150 coal trains - though this comes after a thin period and at a time when sendings-home remain high);
  - on discussions which have taken place between the British Rail Board and the rail unions aimed at avoiding the industrial action planned



for next month.

iv. The Secretary of State for Employment

- on recent court action by working miners and others against the strike; and
- on the prospects for the TUC Conference (the statement made yesterday by 14 unions condemning Mr MacGregor and calling for the resumption of negotiations may have a tactical significance in providing a presentable public stance for unions on the left wishing the TUC to back the miners' demand for total support, and in associating unions in the centre - including NALGO, whose votes, it is thought, may be crucial - with the harder, pro-strike line).

THE DOCKS

2. You will want to take stock generally of events over the weekend and to consider whether, as in July, it would be appropriate to ask the Secretary of State for Transport to arrange for a daily interdepartmental meeting, on the coal model, under his chairmanship; and to ask the Secretary of State for Employment, as before, to take on the job of co-ordinating the Government's public line across the two disputes. You will want to ask the Secretaries of State to report

- on the response to the strike call by TGWU members
  - a. in scheme ports; and
  - b. elsewhere;
- on whether the strike is thought to be sustainable; and on the terms being demanded by the TGWU for calling it off; and

- on any legal action in connection with the strike being contemplated by the British Steel Corporation or others.

3. Whichever Treasury Minister attends will no doubt report on any effect of the strike on the pound and the financial markets.

#### TIMING

4. We have made provisional arrangements for a meeting of the Group on Thursday 30 August at 11.30: you will want to consider at the end of Tuesday's meeting whether to meet again in the course of the week, bearing in mind that the next meeting definitely arranged is on Tuesday 4 September, after the TUC debate on the miners' resolution, which is down for discussion on Monday 3 September.



J F STOKER

24 August 1984



23 AUG 1984

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P



Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213.....6400.....

Switchboard 01-213 3000

David Barclay Esq  
Private Secretary  
10 Downing Street  
LONDON SW1

21. August 1984

*Dear David,*

I spoke to you and to the Private Secretaries to the Ministers most closely involved last night to give them the bare bones of the National Dock Labour Board's decision on the unloading of coal by ISTC members at Hunterston.

As I told you the National Dock Labour Board will be conveying their decision in a letter to the local board for the West of Scotland which first referred to the National Board the question of whether unloading ("free grabbing") of coal at Hunterston by ISTC members without registered dockworkers present was a breach of the dock labour scheme. The outline of the letter, as we currently have it, is as follows:

"The 1980 Order / NB this is the statutory instrument which included Hunterston in the dock labour scheme 7 specifies that at Hunterston the handling of ore and coal for BSC is dock work with the exception of the manning of the unloader cranes and the stockyard which are carried out by the members of the ISTC.

The industrial agreement of 3 November 1979 is silent on the term "free grabbing" nor does this term appear in the 16 May 1984 industrial agreement, although in any event this 1984 agreement cannot vary the 1980 Order.

From this the Board regrets it is unable to answer the question that you have referred".

I am copying this to the Private Secretaries to members of MISC 101.

*Yours sincerely*

*David Normington*

D J NORMINGTON  
Principal Private  
Secretary



21 AUG 1984

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7 6 5 4



NI7569 4 XXX 233

DOCK LABOUR BOARD RULING

THE NATIONAL DOCK LABOUR BOARD RULED TODAY IN FAVOUR OF THE TRANSPORT UNION IN ITS DISPUTE WITH BRITISH STEEL OVER WHO SHOULD UNLOAD IMPORTED COKING COAL AT HUNTERSTON, Ayrshire.

AFTER THE DECISION THE THREAT OF A SECOND NATIONAL DOCKS STRIKE REMAINED IN THE BALANCE AS BRITISH STEEL DECIDED WHAT TO DO, WRITES THE PRESS ASSOCIATION CHIEF INDUSTRIAL CORRESPONDENT.

THE DISPUTE CENTRES AROUND 95,000 TONNES OF COKING COAL URGENTLY NEEDED AT THE RAVENSCRAIG STEELWORKS IN SCOTLAND.

B. S. C WANTED STEELWORKERS TO UNLOAD THE COAL FROM THE LIBERIAN REGISTERED OSTIA. DOCKERS HAVE REFUSED TO HANDLE IT.

BUT THE NATIONAL DOCK LABOUR BOARD IN LONDON DECIDED THERE WAS NO PROVISION WHICH WOULD ALLOW STEELMEN AT THE HUNTERSTON TERMINAL TO UNLOAD A FOREIGN COAL.

A SPOKESMAN FOR B. S. C LATER SAID IT WOULD BE CONSIDERING THE POSITION.

B. S. C HAS A STARK CHOICE BETWEEN UNLOADING THE BULK CARRIER WITHOUT THE CONSENT OF THE DOCKERS, OR TAKING THE TRANSPORT AND GENERAL WORKERS' UNION TO COURT.

MR JOHN CONNOLLY, THE T. G. W. U'S NATIONAL DOCKS OFFICER, SAID THE POSSIBILITY OF A NATIONAL DOCK STRIKE HAD RECEDED BECAUSE OF THE BOARD'S RULING.

BUT HE SAID EVERYTHING DEPENDED ON B.S.C.

IF ANY ATTEMPT WERE MADE EVEN TO BERTH THE CARGO VESSEL THE NATIONAL DOCKS AND WATERWAYS COMMITTEE WOULD BE CONVENED WITH A VIEW TO CALLING A NATIONAL DOCKS STRIKE.

202044 AUG 84



Prime Minister

Bfb AT on return,  
with colleagues  
responses14<sup>th</sup> August 1984

## PORT OF LONDON AUTHORITY

Sub  
17/8

1. I need to announce soon my decision on the appeal by the London Wharfingers Association, representing privately-owned port operators on the Thames, against the dues on ships' goods (known as port rates) levied by the Port of London Authority (PLA). Because of the significance of my decision for the PLA's finances and because, in the wake of the dock strike, our strategic options for the PLA's future have narrowed, you and colleagues should be aware of what I propose. You will also wish to know the consequences of my decision for the PLA and how my strategy for its future is shaping.

Port rates

2. The appeal was considered, under the statutory procedure, at a public inquiry early this year. The inspector concluded in his report to me that the wharfingers receive no benefit or service from the PLA in return for the payment of port rates and that it is wrong for the PLA to use revenue from port rates to cross-subsidise their commercial cargo-handling operations. However, he failed to deal adequately with some important financial and legal questions. So I have to consider the issues in a fundamental way. There is widespread interest in the outcome of the inquiry, and since I received the inspector's report at the end of May I cannot decently delay my decision much longer.

3. It is the PLA's job, under statute, to decide what they should charge by way of port rates. My decision on the appeal by the London Wharfingers Association has to take the narrow form of a direction to the PLA as to the charges they should make for a period of up to 12 months. I may nevertheless in my decision letter set out the principles



which I believe should apply in my decision and to which therefore by implication the PLA may be expected to have regard in the future.

4. A fuller account of the issues and my conclusions is annexed, but the essentials are as follows. Last year the PLA's gross revenue was £74 million, of which port rates yielded £10 million (excluding the PLA's docks at Tilbury, where port rates are aggregated with other charges). I agree with the inspector that the payers of these rates receive little in return for them - in effect the PLA have been charging as much as they think they can get away with. In my view port rates should cover only the cost of the PLA's non-commercial operations, ie any shortfall in the cost of conservancy (which at the inquiry was said to be about £600,000 in 1982) and the cost of paying for surplus registered dock workers (which of course depends on the size of that surplus). I also believe that Tilbury Dock - which, as I explain in paragraph 12 below, I want to see the PLA run through a separate subsidiary company - should be charged port rates on the same basis as river employers.

---

5. In practice it would be difficult for me to give a direction that would achieve this result; the inspector's report does not contain enough detail. More importantly, however, it would be catastrophic for the PLA to be deprived suddenly of at least £8 million of income in 1985. Unless we were prepared to say now that we will resume revenue subsidy or undertake a major capital reconstruction early in the year, which would require legislation and could hardly be done in time, there is a strong risk that the PLA board would resign on the ground that the Authority was insolvent. That is precisely the risk that E(A) instructed me in March to prevent (E(A)(84)9th meeting). The wharfingers' business too would be at risk from the collapse of the PLA.



6. My decision therefore is that the PLA should cut its port rates by 30% from 1 January 1985. The new level of rates will have effect for 12 months. Thereafter it will be for the PLA to decide the level of port rates in the light of the principles which I shall have set out; and it will again then be open to anyone who is dissatisfied to appeal to me.

Financial consequences

7. The effect of this decision will be to cut the PLA's 1985 revenue by about £3 million. They have not yet made their 1985 budget, but this year they are expecting to do no more than break even, so the cut can be expected (other things being equal, which they may not be) to result in a loss of about £3 million in 1985. To help the PLA cut costs and prepare for the further reduction in revenue that will follow in 1986 from restructuring the port rates in accordance with my conclusions on the inquiry (paragraph 4), I believe we need to do two things.

8. First, after the recent Dock Strike any possibility of reforming the National Dock Labour Scheme is dead for the foreseeable future. So we must now enable the PLA to buy out its remaining surplus labour. When we discussed this recently, I think you felt that in principle we should have to do this. A special voluntary severance scheme for registered dock workers is running at the moment, and we must first see how that goes. There have been many more applications in the Port of London than had been expected, but the PLA is still likely to be left with a sizeable surplus. To pay them off will cost considerably more than the £25,000 per registered dock worker we are funding at present. In considering any proposal from the PLA we shall need to have regard to comparable public sector redundancy levels, Employment Ministers' discussions in the autumn with the National



Association of Port Employers on the national voluntary severance scheme, the needs of and implications for other ports, and the scope for increasing the managerial pressure on men to go.

9. I hope that my existing PES provision will be sufficient for a further severance offer in 1984-85, but if it is not I should have to ask for the shortfall to be met out of the contingency reserve. Also after the current special severance scheme little headroom will remain within the statutory limit of £360 million on Government aid to the ports of London and Liverpool. When the scheme has been completed, we shall have to check whether we need to legislate to raise the limit (a contingency place for such a bill has been provided).

10. Second, we need to review the PLA's capital structure and certain other of its liabilities against the background of:-

(a) my plan that the PLA should be divided into three business sectors with a view to disposing of the commercial activities to the private sector (see paragraphs 11-15 below);

and

(b) the analysis the PLA is currently carrying out of the present and likely future profitability of its business centres. The results of this should be available by October/November.

Future structure of the PLA

11. I have asked the Chairman of the PLA to proceed with reorganising the Authority, subject to further investigation of the legal aspects, on the basis of a holding company with three wholly-owned subsidiaries, each under separate management:-



- (i) Tilbury dock
- (ii) the conservancy and safety of navigation functions
- (iii) real estate

12. The first tasks of the subsidiary responsible for Tilbury dock, which will consist essentially of the PLA's cargo-handling operations and the supply of registered dock labour to its tenants at Tilbury, will be to dispose of the surplus labour and to establish its financial viability. The aim will then be for the PLA to sell it off into the private sector, so that it will compete on equal terms with the other private port operators on the Thames. Such disposal, which I judge cannot take place before 1986, will require either a private Bill or a harbour revision order (a statutory instrument which, though the order-making procedure can be initiated at any time of the year, could nevertheless, if strongly opposed, take well over a year to make because there would be a public inquiry and it could go to special parliamentary procedure).

13. The conservancy subsidiary will inherit most, if not all, of the PLA's statutory functions (which may in due course need some revision). In effect it will be the new, slimmed-down PLA. It will have to remain a statutory body, probably with a board appointed by me. Its operations will be financed by dues charged on ships using the Thames and a residual amount of port rates. Legislation is likely to be needed in due course to bring the constitution and statutory duties of the PLA into line with its reduced role.

14. The primary task of the real estate subsidiary will be the disposal of the PLA's remaining non-operational assets. The proceeds might be used to buy out the PLA's stockholders.

15. Before this split can be achieved, and as a transitional policy only, we shall have to deal with the PLA's non-statutory but real responsibility as "employer of last resort" for



CONFIDENTIAL

registered dock workers. I have in mind that this role should pass to the Tilbury subsidiary, but that it should be reimbursed the cost of any surplus labour it has to retain by the conservancy subsidiary, which would raise port rates for that purpose.

Next steps

16. Clearly these plans need much refining yet. I propose to come back to colleagues by the end of the year with more fully developed proposals, taking account of the work currently being done by the PLA. By then it should be possible to evaluate the financial options, both on severance and on the PLA's finances as a whole. This will fulfil the rest of the remit I was given by E(A) in March.

17. Meanwhile, I shall have announced the 30% reduction in port rates to take effect on 1 January 1985. A further attack on the PLA's labour surplus very early in 1985 will demonstrate to the private operators my determination that the PLA will have no excuse for not following through subsequently the full logic of my decision on the port rates issue.

Summary

18. Subject therefore to your or colleagues' views, I propose:-

(i) to announce within the next few weeks my decision on the appeal against the PLA port rates, on the basis explained in paragraph 6; and

(ii) to report back to colleagues by the end of the year with more detailed proposals for the future of the PLA, including evaluation of the options open within the broad strategy outlined in this minute.

19. I am sending copies of this minute to members of E(A), the Lord President, and to Sir Robert Armstrong.

*DR*



## DRAFT LETTER TO MESSRS BERRYMANS

Gentlemen

## S.31 OF HARBOURS ACT 1964 - OBJECTION TO PLA PORT RATES

1. I have to inform you that the Secretary of State has considered the report of the inspector Mr F R King LLB FICE following the inquiry held in January and February 1984 into objections made by the London Wharfingers' Association (the LWA), under s.31 of the Harbours Act 1964, against port rates levied by the Port of London Authority (the PLA). A copy of the inspector's report is attached.

2. The Secretary of State has taken legal advice on certain points of law discussed in the report. First, he is advised that the members of the LWA have a substantial interest in the PLA's scheme of charges as a whole, and not merely in the goods that they handle in substantial quantities. He is also advised that Dartford International Freight Terminal Ltd (DIFT), who made written and oral representations at the inquiry, have a substantial interest as potential cargo handlers within the PLA area even though they may not have yet begun to handle traffic.

3. Secondly, the Secretary of State notes that the inspector recommends that port rates on certain classes of goods should, for a period of 12 months, cease to be paid by members of the LWA but that other operators should continue to pay them. The legal advice he has received is that such a direction would be unlawful. He has power to direct that given charges should not be paid at all, or should be paid at a reduced rate, but any such directions must apply to all who pay and there is no power to give them in respect of certain payers only. It would not therefore be lawful for him to give the directions that the inspector recommends.



4. The Secretary of State notes that the operations of the PLA fall into 2 groups. The first are its operations as a statutory harbour authority responsible for safety of navigation on the River Thames, and may be called, in a wide sense, its conservancy operations. The second are its commercial operations in which it is in competition with members of the LWA and with other commercial operators in the port area.

5. He notes also the inspector's views that it is proper for conservancy costs to be paid for out of ship dues but not out of port rates, which are a form of goods dues. He does not, however, agree with this as a general principle. He sees no inherent reason why conservancy costs should not be financed, at least in part, out of goods dues.

6. The Secretary of State also notes the inspector's findings:

(a) that LWA members receive no benefit from the PLA in return for port rates;

(b) that the PLA's role as residual employer of registered dock workers and the costs of surplus labour incurred by the PLA in this role do not warrant the continuance of port rates;

and

(c) that port rates should not be used to reduce the PLA's large accumulated deficit.

He agrees with these views to a substantial extent. In his opinion port rates should not be levied to subsidise the commercial operations of the PLA, or to pay off its accumulated deficit.



7. However, the Secretary of State is unable to agree with the inspector's view that since the role of employer of last resort was assumed by the PLA under a non-statutory agreement it is wrong in principle for it to be financed by port rates raised under statutory powers. In his view the decisive consideration is that by taking over surplus registered dock workers from other port employers the PLA is in fact doing the port a service and thereby incurring costs. In principle he sees no objection to the cost of surplus registered dockers being financed by port rates.

8. In coming to his conclusions on the inspector's report the Secretary of State has had regard to the inspector's recommendation that certain port rates be abolished even though, for the reasons stated in paragraph 3 above, he cannot accept it. In coming to a decision consistent with the principles set out above, which represent a substantial change from the past, he has had in mind also that it is in the first instance the task of the PLA from time to time to set such port rates as they think fit, whereas his is an appellate function with the power to prescribe rates for a maximum of one year. He is also aware that the PLA has for many years relied substantially on port rates to help bridge the gap between revenue and expenditure. If this source were to be closed to the PLA in the immediate or fairly near future, except to the extent permitted under the principles set out above, the effect of this sudden change on the PLA's finances would be severe, and might have unforeseeable consequences for trade in the Port of London. The Secretary of State considers that this too is a matter which he should take into account in reaching a decision. He therefore considers that the PLA should have a reasonable time to adjust to the loss of revenue from port rates implied in the principles set out above. Accordingly, he has decided to give a direction under paragraph (b) of Subsection (6) of Section 31 of the Harbours Act 1964.



9. The Secretary of State therefore directs that the port rates brought into force with effect from 1 January 1984 be reduced by 30% for the period of 12 months beginning on 1 January 1985.

10. I am sending copies of this letter to .....



11 16 AUG 1984





File

celo



Department of Employment  
Caxton House Tothill Street London SW1H 9NA F  
Telephone Direct Line 01-213 5574  
Switchboard 01-213 3000

*[Handwritten initials]*

D M Barclay Esq  
Prime Minister's Office  
10 Downing Street  
LONDON SW1

20 July 1984

*Dear David,*

DOCKS

Enclosed is a copy of the Press Statement issued by ACAS this morning.

- 2. Also enclosed is a copy of the assurances on which the TGWU is pledged to recommend a return to work at <sup>the</sup> meetings of the National Committee, and probably a lay delegates meeting, tomorrow.
- 3. The terms of the assurances are wholly confidential to the parties until 12 noon tomorrow. They must not be disclosed or commented upon. Leaks might make the union leaders' task more difficult.
- 4. The assurances give no hostages to fortune; the employers are well content with them.
- 5. I am copying this to Peter Gregson (Cabinet Office).

*Yours,  
Douglas*

D B SMITH



Press Statement  
(Public)

NATIONAL DOCK STRIKE

Arising from discussions held at the offices of ACAS on 19 and 20 July assurances have been exchanged between both sides of the National Joint Council for the Port Transport Industry as a result of which the union side will be convening a meeting of the TGWU National Docks and Waterways Committee on Saturday 21 July with a view to recommending a resumption of work.

6.30am. 20/7/84



Assurances  
(Confidential until 12 noon Saturday)

1. The Trade Unions state that they are not seeking an industrial agreement but an assurance in respect of Clause 10 of the Scheme which concerns the use of non-registered labour.
2. Where there is a need for the use of non-registered labour on dock work under the Dock Labour Scheme the employer must apply through the local board manager for consideration by the local Dock Labour Board which will approve or reject the application.
3. The NJC confirms that, provided the above procedure (at clause 2 is followed, it will ensure that no intentional breach of Clause 10 will occur.
4. NAPE confirms and will so remind its members that they should carry out their obligations under Clause 10 of the Dock Labour Scheme.
5. The NJC agrees that interpretation of the procedure set out in paragraph 2 above is a matter for the local Dock Labour Boards.





10 DOWNING STREET

*From the Principal Private Secretary*

SIR ROBERT ARMSTRONG

The Prime Minister was grateful for your secret and personal minute of 17 July (A084/2053), which she has read and noted.

19 July 1984

*Alle SJ*

*P1. file on dock  
Strike papers.*

*I hold the minute  
under reference.*

*NR*



FSRB



file

10 DOWNING STREET

From the Private Secretary

John Gummer rang the PM at 8.20  
about the dock strike.

2. He had highly <sup>secret</sup> but absolutely  
genuine information that <sup>two</sup> Felixstowe &

Dover convenors were meeting in  
London today. They intend both to  
tell the Delegate Conference on

Thursday that they cannot help  
their men out & will be taking

them back on Friday

3. The conclusion drawn was that it  
was crucial for the Government to do  
nothing wrong. It should be low  
today, and any public comment should



be more in sorrow than in  
anger: the strike was heartbreaking  
for business, for the jobs of  
ordinary people & for holiday-makers —  
but nothing more.

C.D.P. 187  
- 187



PRIME MINISTERDOCK DISPUTE

During the course of today's MISC 101 we were offered two competing interpretations of the dock dispute:

- (i) There is the view of Mr Ridley that it is largely political, using the NDLS as a pretext; that it will go on a long time; and that if it does the opportunity should be taken to announce the abolition of the NDLS.
- (ii) There is the view of Mr King that, while the timing may be political, the issue is one internal to the Docks Group of the T and G; that it should be handled as an industrial dispute and not allowed to coalesce with the mining dispute.

In my view Mr King is right. At this stage indications that the Government is digging in for a long fight could be counter-productive. The aim should be to settle this dispute as quickly as possible in order to allow the Government's fire to be concentrated on the NUM. ACAS should be strongly encouraged and the employers told very firmly that their ambitions about the NDLS will get them nowhere. I detect that the Department of Transport are taking the line of the dock employers - you will remember that they put a paper recommending the abolition of the NDLS to E(A) in March (if these papers leaked the effect could be extremely grave).

Until this difference of emphasis is sorted out the Government will not achieve a consistent presentation.

AT

16 July 1984



SUBJECT  
cc Master.



File DA  
DEAADO,

10 DOWNING STREET

*From the Principal Private Secretary*

16 July 1984

The Prime Minister lunched today with the General Council of British Shipping. Those present were the people attached to your brief.

The first part of the lunch was taken up with a discussion about the dock strike. The shipowners said that the dock strike now appeared to be sufficiently solid that there were virtually no ports working which were capable of taking container traffic. The cost to shipowners of landing cargos on the Continent, storing them and subsequently transshipping them to the United Kingdom would probably amount to about £1 million per week. However, oil terminals were still operating. Mr. W.B. Slater reported that he had attended a shipowners meeting that morning at which it had been reported that intimidation had been an important factor in causing dockers to accept the shut down of their ports, for example at Felixstowe, Whitby, and Stranraer. The shipowners had attached some significance to the dockers delegate meeting which was due to be held on Thursday and still thought that there was an even chance that this would bring the action to an end. If a settlement was not reached on that occasion, it would be probably another fortnight before an opportunity for a settlement would arise again. A number of those present who also had transport interests said that they would be laying off lorry drivers as a result of the strike. Mr. B.P. Shaw said that, while the shipowners recognised that the Government would not wish to end the Dock Labour Scheme under present circumstances, they hoped that there would be no question of extending it.

The remainder of the discussion was about the general position of the industry. Mr. Menzies-Wilson introduced the subject by saying that the group attending the lunch was a representative one composed of both public and private companies, all of whom had interests other than shipping.



All therefore had the choice of investing either in shipping or in other activities. The industry had reduced its manning and would probably soon be ahead of its competitors in this respect. But their main concern in the short term was with the removal of the Foreign Earnings Relief for seamen, which was likely to result in either a double figure pay settlement in the autumn or a long strike which the industry were not in a good position to withstand. In the longer term, the problem was the over-supply of ships in the world and the subsidies and protection provided to domestic fleets by overseas governments. The industry's forecasts could result in a fleet as small as 400 ships or even lower by 1986. But it was not just a question of the size of the industry: it was also a matter of having a modern fleet incorporating the latest cost saving technology. Another factor was that over the last 20 years ships had become much more expensive, but balance sheets of the companies had remained much the same. In general the industry were asking that the Government should be less scrupulous about avoiding protection of the domestic industry or more vigorous in contesting protection provided by other governments. The industry had been much encouraged by the extent of the support which they were receiving from the Department of Transport.

In discussion, one example quoted of protectionism was the arrangements by the Norwegian Government which resulted in 98% of the oil rigs in the Norwegian section of the North Sea being supplied by Norwegian vessels, probably as a result of invisible pressure through the allocation of licences. Another example was the Dutch investment and operating grants for ships built in Holland which in Shell's experience had put Holland marginally ahead of Britain even before the tax changes in our recent Budget. Another example was the operating subsidies provided by the Russian and Polish Governments, which the "hard core" group of countries were now seeking to contest. It was also argued that, whereas foreign ships had freedom to serve the coast of the United Kingdom, British ships did not have similar freedom to serve the United States, European, Indian or Australian coasts. It was argued that new ships gave the employers a strong bargaining position with the Seamen's Union about manning practices. Much of the action which the Government could take to help did not require large sums of money, but there were strategic as well as balance of payments reasons why the maintenance of a British merchant fleet was important.

The Prime Minister said that she needed no persuading that it was desirable that a strong British presence in merchant shipping should be retained. In due course our oil supplies would run out and the invisible earnings of the shipping industry would be very valuable. In addition



to the strategic reasons which had been mentioned. Shipping was an important part of Britain's industrial tradition. Those present at the table warmly welcomed the Prime Minister's expression of support.

I am copying this letter to David Peretz (HM Treasury) and Callum McCarthy (Department of Trade and Industry). I enclose (top copy only) some material handed to the Prime Minister in support of the points which were made.

Yours sincerely,

Robin Butler

Miss Dinah Nichols,  
Department of Transport.





JF6973

PS /Secretary of State for Trade and Industry

Prime Minister (2)

To note

AT 17/7

DEPARTMENT OF TRADE AND INDUSTRY

1-19 VICTORIA STREET

LONDON SW1H 0ET5422

TELEPHONE DIRECT LINE 01-215  
SWITCHBOARD 01-215 7877

16 July 1984

**CONFIDENTIAL**

Andrew Turnbull Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
LONDON  
SW1

Dear A. T.,

**DOCK STRIKE : EFFECT ON POSTAL SERVICES**

My Secretary of State has asked me to let you know that we have been informed by the Post Office that there is no longer an effective overseas surface (sea) mail service. Surface mail is currently accumulating at the main sorting depot and the Post Office (following withdrawal of freight services through Dover) will announce this evening that customers are advised not to post overseas surface mail.

2 The air mail service is not yet seriously affected but there could be some disruption to it if there is a significant switch from surface to air mail following the Post Office's announcement. The Post Office have been able to charter a certain amount of extra air freight but this cannot be increased as there is now very little spare capacity.

3 I am copying to Private Secretaries to members of Cabinet, PS/Mr Gummer and to Richard Hatfield (Cabinet Office).

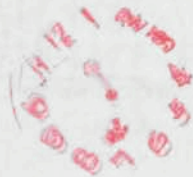
Yours etc,

ANDREW D LANSLEY  
Private Secretary

**CONFIDENTIAL**



16 JUL 1984







NDLS  
Part 5

10 DOWNING STREET

THE PRIME MINISTER

1. Statement : We have no plans to amend, alter, or abandon the DL scheme.

2. Question Are you prepared to say that no such plans will be formulated during the life of this parliament?

3. Answer

The Hon G. is asking me to predict whether some circumstance might arise in the life of this parlmt which would force <sup>us</sup> ~~me~~ to abandon our present intention. That is an entirely hypothetical question. I can only reiterate that, as far as I can see ahead, I stick to our intention not to alter, amend, or abandon the DockLS.



1. "We have no plans to amend, alter or abolish the Basic Labour Scheme".

2. Question :

"Are you prepared to say that no such plans will be formulated during the lifetime of this parliament?"

3. Answer :

"That question is hypothetical.

There could obviously be unforeseeable circumstances which would make such plans unavoidable. But for as far as I can see ahead, I stick to the undertaking that we "we have no plans".



PRIME MINISTER

16 July 1984

The following points should be considered:

1. Nick Ridley's papers to E(A) and the minutes concerning the NDLS, and Department of Employment's text of an amending Bill, would be unhelpful if published at this juncture.

When writing to the dock employers and making the Government's support for the NDLS clear, perhaps the fact that the Government has considered other measures and rejected them on the grounds that they would be disruptive should be made public to pre-empt leaks.

2. A dock strike will cause serious and fast-acting damage. Early settlement remains the best course, even at some cost.

However, you have to plan quietly for no settlement, and even for more bad news involving the NUR, NUS or other unions joining in now that the balance of power is slipping.

If ACAS and other peace moves fail, you will need to:

- (a) Take every available opportunity to put the case across as agreed this morning:

the case on - jobs  
 - the rule of law and the ballot box.  
 - stable economic management



(b) Plan for the use of volunteers to help in the movement of goods. The troops are too few and the police have to be used as impartial upholders of the law.

Involvement of more members of the community in overcoming the strike will help generate support against extremism.

(c) Rapidly update the contingency plans and assess the likely endurance and cost of the dock strike.

(d) Hold an early Parliamentary debate to focus public attention on the seriousness of the situation and to spell out the case for resisting politically motivated picketing. Put the Opposition on the spot about what and who it supports. Aim to carry the Alliance and the Right-wing of the Labour Party with you in resisting intimidation and undemocratic striking.

(e) Encourage use of the law against the TGWU if ACAS fails.



JOHN REDWOOD



PRIME MINISTER

MINISTERIAL RESPONSIBILITY FOR THE DOCK STRIKE

I have discussed with Peter Gregson the question of Ministerial responsibility for the dock strike, which we discussed this morning.

Peter Gregson's advice is that MISC 101, under your Chairmanship, should continue to be the main body running the dock strike and the coal strike. It meets on Mondays and Wednesdays (and there is Cabinet on Thursdays). Peter Gregson advises - and I agree - that there would not be room for another Ministerial Group under Tom King. In writing the minutes of MISC 101, the Cabinet Office will make sure that there is no confusion as to whether Tom King or Nick Ridley should follow up decisions on MISC 101, and they will also chase progress.

This does not, however, deal with the handling of communications. Bernard has suggested that he should run a daily group to cover both the dock strike and the coal strike. It would meet at 0945 each morning - after the morning meetings held by Mr. Ridley and Mr. Walker, but before the Lobby and MISC 101 - and it would be able to put recommendations on media handling for the day to MISC 101. This seems a satisfactory arrangement.

Agree that:-

- (i) MISC 101, under your Chairmanship, should continue to be the main Ministerial Group dealing with the coal and dock strikes and no additional Group should be established?
- (ii) Bernard should hold a daily meeting of the Departments concerned to make recommendations on media handling?

16 July 1984

F.E.R.B.





22

MINISTRY OF DEFENCE  
 MAIN BUILDING WHITEHALL LONDON SW1  
 Telephone 01-~~830 7822~~ 218 2111/3

MO 19/1

16th July 1984

*Dear Andrew*

SERVICE ASSISTANCE IN DOCK STRIKE

At the meeting of MISC 101 this morning, Mr Stanley agreed that we would provide a short note for the Prime Minister on the current plan for Service assistance in a national dock strike.

The existing plan, Op HALBERD, was prepared in February 1981 and circulated to the Cabinet Office and the Departments directly concerned under the title "Ministry of Defence (Army Department) Standing Instruction for Military Aid to Civil Ministries (MACM) in National Emergencies in Peace (Index 15) (Feb 81) - Assistance in the Event of a National Dock Strike" (copy attached for ease of reference). The Plan is directly geared to the operation of modern ports, which rely heavily on specialised mechanical equipment. Service resources in this area are very limited, essentially those of the RCT Port Regiment who operate the military port at Marchwood.

The plan provides for some 2,800 Servicemen to operate as small teams for:

Roll-on/Roll-off operations	- 13 teams
Container operations	- 3 teams
Break bulk cargo operations	- 13 teams
Tug operations	- 13 teams
Lockgate/water impounding machinery operations	- 9 teams

Under the plan these teams would be available for deployment (normally at 7 days notice to move) at up to 3 ports, where they would be used to handle the highest priority items required as essential for the life, health or safety of the nation. The plans do not assume a complete substitution for the dock labour force. The plan assumes that:

- a. Servicemen will have unrestricted access to the ports and to specialist equipment;

A Turnbull Esq





- b. Sufficient port managers and supervisory staff will be available to give general direction (ie, identification of the contents of a ship and its containers and production of unloading programmes in consultation with military commanders);
- c. Port staff will be available to explain the working of the more intricate pieces of equipment (eg Bulk grain cargo unloading systems, lock gate machinery etc);
- d. Cargo unloading by soldiers will not be "blacked": if it was necessary to move cargo from ports, the general instructions on road haulage contained in Index 5 would apply (see paragraph 4 below);
- e. Local pilots will co-operate with RN tug boat crews.

If these conditions are met, we judge that the Service teams could, in the best circumstances, handle up to 1,000 tonnes a day; the precise quantities cannot be determined without further planning since they depend heavily on the nature and location of the goods to be unloaded and the equipment available.

The operational consequences for the Services of implementing Op HALBERD are not insignificant. Two major exercises BOLD GANNET - UKMF deployment to Denmark - and LIONHEART - major Regular and TA reinforcement of BAOR - are scheduled for September; both make heavy demands on the port facilities at Marchwood from mid-August onwards. In the event of a widespread dock strike, these exercises could be mounted on a slightly smaller scale using Marchwood alone. However, the deployment of specialist troops under Op HALBERD would severely reduce the effectiveness of Marchwood and lead to the possible cancellation of both exercises.

Service deployment in the docks would bring with it a major risk of escalation of the dispute by the lorry drivers (TGWU). Under another Service plan (Op BEANSTALK) up to 10,000 drivers could be made available, half of which would be HGV qualified. This would require withdrawal of Service drivers from British Forces Germany and would therefore have an immediate effect on our operational readiness in NATO. Any movement of Servicemen in or out of the docks would require substantial police protection.

No study has been made to date of the possibility of using unskilled Service labour in this dispute on a large scale in the ports. After a period of time this would undoubtedly increase the flow of goods onto the dockside particularly in Ro-Ro docks, but its impact would depend upon the availability of transportation to and from the docks. The last time troops were committed was in 1950 when some 6,000 troops were used in London without significant operational or training penalties, but this was for a period of 5 days only. Any large scale committal of troops for an extended period of time would soon bring operational penalties and affect the training of recruits, both Regular and TA, as was evident in the use of 15,000 troops deployed during the firemans strike in 1977/78/

*Lawler  
Mick Evans*





MINISTRY OF DEFENCE (ASD 2d)

Main Building Whitehall London SW1A 2HB

Telephone 01-218 2528 (Direct Dialling)

01-218 9000 (Switchboard)

Your reference

Distribution as per Annex A  
to Index 1 of Subject Document

Our reference

D/DASD/58/3/3  
(ASD 2d)

Date

5 March 1981

MINISTRY OF DEFENCE (ARMY DEPARTMENT) STANDING INSTRUCTIONS FOR  
MILITARY AID TO CIVIL MINISTRIES IN NATIONAL EMERGENCES IN PEACE (MACE)

A new Index 15 (Assistance in the Event of a National Dock Strike) is attached and is effective on receipt. It will form the basis of any Service response to requests from the Department of Transport for assistance in the Docks. The detail in column (d) of Index 1 opposite Index 15 should be amended to read "Feb 81".

*Salmon*

W N B JACKSON

Major

for Director of Army Staff Duties



CONFIDENTIAL

MINISTRY OF DEFENCE (ARMY DEPARTMENT)  
STANDING INSTRUCTIONS FOR  
MILITARY AID TO CIVIL MINISTRIES (MACM)  
IN NATIONAL EMERGENCIES IN PEACE  
(INDEX 15) (FEB 81)

ASSISTANCE IN THE EVENT OF A NATIONAL DOCK STRIKE

SITUATION

1. In the event of a national dock strike, the Government may require servicemen to unload certain cargoes without which the life of the community would be placed seriously at risk. This plan provides for a relatively ~~small~~ number of flying squads for deployment to ports where cargo designated essential was to be unloaded and where, in the light of circumstances at the time, it was assessed that there would be a reasonable chance of success in operating sophisticated modern equipment.
2. Lessons from previous dock strikes have shown that serious shortages do not tend to manifest themselves until at least three weeks into the strike and that the first major supply problems occur with bulk grain and animal foodstuffs. If historical patterns are followed it is not expected that military involvement would be required until at least the fourth week of a strike and then only on the basis of a slow build-up of manpower. This plan is based on the need to provide a flexible response.

ASSUMPTIONS

3. It is assumed that:
  - a. Servicemen will have unrestricted access to the ports and to specialist equipment.
  - b. Sufficient port managers and supervisory staff will be available to give general direction (ie. identification of contents of a ship and its containers, production of unloading programmes in consultation with military commanders).
  - c. Port staff will be available to explain the working of the more intricate pieces of equipment (eg. Bulk grain cargo unloading systems, lock gate machinery etc).
  - d. Cargo unloaded by soldiers will not be "blackened". If it is necessary to move cargo from ports, the general instructions on road haulage contained in Index 5 would apply.
  - e. Local pilots will cooperate with RN tug boat crews.

MISSION

4. To assist the Department of Transport in the event of a national dock strike by providing Servicemen to unload essential cargo.

EXECUTION

5. General Outline. "Flying Squads" will be formed to perform the following tasks:



- a. Roll-on-Roll-off Operations (Ro-Ro). 13 teams
- b. Container Operations. 3 teams
- c. Break Bulk Cargo Operations. 13 teams
- d. Bulk Cargo Operations. 13 teams in support of Break Bulk teams.
- e. Tug Operations. 13 teams
- f. Lock Gate and Water Impounding Machinery Operations. 9 teams

Annex A gives the detailed composition of each team annotated with the level of skill assessed as being required for each job. The allocation of RCT operators is based on the 1980 manpower availability. It is assumed that the Port School will close and that unskilled manpower will be drafted into Marchwood to keep the operation going, on a one for one basis.

6. Locations. Teams may either be concentrated at one or two ports, or dispersed, depending on the specific requirement. Form up points will also depend on circumstances and will be subject to the direction of MOD (ASD 2) in consultation with HQ UKLF.
7. Liaison. Districts will not liaise with ports without the specific authority of MOD (ASD 2). The addresses and telephone numbers of the major port operators are given at Annex B.
8. District Responsibilities. Districts will:
  - a. Initially, supply men to form port operating teams, as directed by HQ UKLF.
  - b. Take under command, control and administer such teams as are allocated to them by MOD (ASD 2) and HQ UKLF.
  - c. Liaise with port managers and direct military port operations within District boundaries.
  - d. Conform with the general instructions given in Index 2.

#### SERVICE SUPPORT

9. General administrative instructions are given at Index 2.

#### COMMAND AND SIGNAL

10. Entry to the Docks.
  - a. Servicemen will not enter dock estates until invited so to do by the port managers listed at Annex B.
  - b. Servicemen will only enter and leave docks in formed bodies escorted by the police.
11. Communications. Arrangements should be made to ensure rapid passage of information on local situations to MOD (ASD 2).



ANNEX A TO INDEX 15  
MINISTRY OF DEFENCE (ARMY DEPARTMENT)  
STANDING INSTRUCTION FOR  
MILITARY AID TO CIVIL MINISTRIES (MACM)  
IN NATIONAL EMERGENCIES IN PEACE

MANPOWER REQUIREMENT

Serial	Team	No of Teams	Job	Number per Team	Total Number	Post filled by:
(a)	(b)	(c)	(d)	(e)	(f)	(h)
1	Ro-Ro operation	13	a. Supervisor b. GD men  c. Drivers	1+1 7  7	13(+13) 91  91	Unskilled plus 1 x RCT movement adviser per team. HGV Driver.
2	Container operation	3	a. Supervisor  b. Chargehand c. Gantry Crane op d. GD men e. Clerk f. Electrician g. Mech Fitter h. Straddle Carrier operator	1(+1)  2 6 6 2 3 2 10	3(+3)  6 18 18 6 9 6 30	Officer I/C plus adviser RCT operator A1. RCT Port operators A2. RCT Port operators A3. Unskilled. Clerk. REME. REME. RCT Port operators A3.
3	Break Bulk Cargo operation	13	a. Supervisor  b. Hatch Chargehand  c. Crane drivers d. Hatch Signalman  e. Inboard Labour  f. Lashing chargehand	1(+1)  5 5 5  40  5	13(+13)  65 65 65  520  65	Officers I/C plus advisers. a. 6 Port operators A1. b. 7 Port operators A2. Unskilled 1 x JNCO per team. RE 13 Port operators A2. 8 Port operators A3. Remainder unskilled 1 x JNCO per team. Unskilled. Team based on inf pl org JNCO unskilled.



(a)	(b)	(c)	(d)	(e)	(f)	(h)
3 (Cont'd)			g. Landing Labourer	15	195	Unskilled. 2 x JNCO per team
			h. Tally clerk	10	130	Clerk
			i. Fork lift driver	20	260	RAOC/unskilled driver
			j. Transit Shed (TS) Foreman	1	13	SNCO unskilled
			k. TS Labourer	5	65	Unskilled.
			l. TS clerk	6	78	Clerk
			m. Mobile Crane Op	2	26	RE/RAOC
			n. Electrician	1	13	REME
			o. Veh Mech	3	39	REME
4	Bulk Cargo Support team	13	a. Mech fitter	2	26	REME
			b. Engineer	2	26	RE
			c. Electrician	2	26	REME
5	Lock Gate and Water impounding operation	9	a. Lockmaster	1	9	)
			b. Seaman	9	81	)
			c. Engineer	1	9	) RE.
			d. Electrician	3	27	)
			e. Engine hands	3	27	)
6	Tug operation	13	a. Tug Masters	4	52	Royal Navy - Junior officer
			b. Mate	4	52	Junior officer or CPO
			c. Boatswain	4	52	CPO or PO
			d. Deck hand	12	156	AB
			e. Chief Engineer	4	52	CPO (Eng) or PO (Eng)
			f. Engine room hand	3	104	MEM

Total Skilled 1531  
Total Unskilled 1100  
Overall Total 2631



ANNEX B TO INDEX 15  
MINISTRY OF DEFENCE (ARMY DEPARTMENT)  
STANDING INSTRUCTIONS FOR  
MILITARY AID TO CIVIL MINISTRIES (MACM)  
IN NATIONAL EMERGENCIES IN PEACE

CONTACTS FOR PORTS WITHIN PORT EMERGENCY COMMITTEE AREAS  
(AS AT 1 JAN 81)

PEC AREA AND CHAIRMAN	PORT	CONTACT	TELEPHONE NO.
<u>BRISTOL</u> Mr S Turner Port of Bristol Authority 0272823681	BRISTOL	Mr G Pike Deputy General Manager	0272 823681
<u>CLYDE PORTS</u> Mr J P Davidson Clyde Port Authority 041 221 8733	CLYDE	Mr McCreath Marketing Manager	041 221 8733
<u>GRIMSBY</u> Mr J H Hughes British Transport Docks Board	GRIMSBY AND LIMINGHAM	Mr J M Hughes Docks Manager	0472 59181
<u>HULL</u> Mr K E Bantock British Transport Docks Board, Hull 0472 27171	HULL	Mr G A Cullington Docks Manager	0472 27171
<u>FORTH PORTS</u> Mr W J Leaman Forth Ports Authority	FORTH	Mr W J Leaman Director Operations	031 554 4343 Ext 200
<u>LIVERPOOL</u> Mr J P Fitzpatrick Mersey Docks and Harbour Co 051 200 2020	LIVERPOOL	Mr P J Furlong Cargo Operations Director	051 200 2020
<u>LONDON</u> Mr J D Presland Port of London Authority 01 476 6900	LONDON	Mr Kibblewhite Secretary's Office Mr B Aldous Secretary's Office	01 476 6900 Ext 3-211 01 467 6900 Ext 3-105



PEC AREA AND CHAIRMAN	PORT	CONTACT	TELEPHONE NO.
<u>MANCHESTER</u> Mr D K Redford Manchester Ship Canal Co 061 872 2411	MANCHESTER	Mr R J F Taylor Manager	061 872 2411
<u>TEES PORTS</u> Mr J Tholen Tees & Hartlepoons Port Authority 0642 241121	TEES	Mr M J Hyslop Secretary	0642 241121
<u>NEWCASTLE-ON-TYNE</u> Mr J H H Gillespie Port of Tyne Authority 0632 25541	TYNE	Mr J Hayes Director Operations	0632 25541
<u>SOUTHAMPTON</u> Mr J B Williams British Transport Docks Board 0703 23844	SOUTHAMPTON	Mr W D Hoddings Deputy Port Director	0703 23844
<u>SOUTH WALES PORTS</u> Mr R Bury British Transport Docks Board 0222 42544	CARDIFF  NEWPORT  SWANSEA	Mr B Pearson Docks Manager  Mr A Pidduck Docks Manager  Mr W G King Docks Manager	0222 42544  0633 65411  0792 50655
<u>EAST ANGLIAN PORTS</u> Mr G Blackhall Felixstowe Docks and Railway Co 039 42 1433	FELIXSTOWE  IPSWICH  HARWICH	Mr P D Peters Sales Manager (Temporary Contact)  Mr J Evelyn Chief Executive  Mr C Crawford Asst Shipping and Port Manager	039 42 4433  0473 56011  025 55 8949



177 JUL 1984





PRIME MINISTER

MR. RIDLEY'S STATEMENT

Attached is the statement made by Mr. Ridley this afternoon on the dock strike. This was a highly partisan occasion with Mr. Ridley making a number of effective points about automatic Opposition support for strikes. The Opposition, however, thought that they had scored a point when they demanded a Government commitment not to abolish the Dock Labour Scheme "during the life time of this Parliament". Mr. Ridley stuck to the formula that the Government had no plans to abolish or change the Scheme. At one point he quoted a Parliamentary Written Answer from John Gummer which said that we had no plans at present. This encouraged the Opposition to claim that if the Government gave the undertaking they sought the strike would soon be called off.

You will undoubtedly be pressed on this point tomorrow. In view of this the question arises as to whether the Government should call the Opposition's bluff and give that undertaking.

There was comparatively little interest in the question of states of emergency and troops other than accusations of provocation. Government Backbenchers were concerned to ensure that contingency plans were made but Mr. Ridley played this aspect well down.

16 July 1984

cc: Mr. Butler

Mr. Turnbull



## DRAFT STATEMENT

With permission, Mr Speaker, I should like to make a statement about the dock strike.

Registered dockers are on strike at all ports in the dock labour scheme. Dockers are also on strike at the non-scheme ports of Montrose and Shoreham and, as regards freight traffic, at Dover, Felixstowe and Portsmouth. Ferry services for passengers, cars and coaches are continuing to operate.

As I told the House last week the Transport and General Workers Union called the strike because of an alleged breach of the scheme by the British Steel Corporation at Immingham. Last Thursday the National Dock Labour Board, under the procedures in the dock labour scheme itself, decided that the scheme had been breached. By the following day the British Steel Corporation had remedied the matter for the future to the satisfaction of the Immingham dockers.

Despite that, the union has not called off the strike. Discussions between the union and the National Association of Port Employers in the National Joint Council for the ports industry broke up on Friday evening without any agreement being reached. I understand that the union is insisting that NAPE should guarantee that there will be no breaches of the scheme in future.

NAPE have reaffirmed their willingness to honour fully their obligations under the scheme and believe that alleged breaches of the scheme should continue to be determined by the dock labour boards under the statutory procedures.

It has been said that dockers fear that the Government intends to abolish the dock labour scheme. Let me make it absolutely clear that the Government has no plans to change or abolish the scheme.

There is therefore now no reason whatsoever for the strike.



I understand that both the union and NAPE have now accepted invitations from ACAS to discuss the dispute. I wish them all success. This strike can only damage many jobs, in the ports, and in other industries too. It is not in the interests of dockers, their families, their fellow workers in other industries, or of the country.





TF  
DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

Andrew Turnbull Esq  
Private Secretary  
10 Downing Street  
LONDON SW1

16 July 1984

*Dear Andrew*

STATEMENT ON THE DOCK STRIKE: MONDAY 16 JULY

/ I attach a copy of the text of the statement my Secretary of State will be making later this afternoon.

I am sending copies of the statement, with copies of this letter, to the Private Secretaries to the Secretaries of State for the Home Department, Northern Ireland, Energy, Scotland and Wales, the Environment, Lord Privy Seal, Trade and Industry, Employment, the Minister of Agriculture and the Chief Whip.

*yours sincerely,*

*Harry Derwent*

H C S DERWENT  
Private Secretary



DRAFT STATEMENT

With permission, Mr Speaker, I should like to make a statement about the ~~[national]~~ dock strike.

Registered dockers are on strike at all ports in the dock labour scheme. Dockers are also on strike at the non-scheme ports of Montrose and Shoreham and, as regards freight traffic, at Dover, Felixstowe and Portsmouth. Ferry services for passengers, cars and coaches are continuing to operate.

As I told the House last week ~~[in reply to a private notice question from the hon member for Kingston upon Hull East]~~ the Transport and General Workers Union called the strike because of an alleged breach of the scheme by the British Steel Corporation at Immingham. Last Thursday the National Dock Labour Board, under the procedures in the dock labour scheme itself, decided that the scheme had been breached. By the following day the British Steel Corporation had remedied the matter for the future to the satisfaction of the Immingham dockers.

Despite that, the union has not called off the strike. Discussions between the union and the National Association of Port Employers in the National Joint Council for the ports industry broke up on Friday evening without any agreement being reached. I understand that the union is insisting that ~~it is for~~ <sup>shown</sup> NAPE to guarantee that there will be no breaches of the scheme in future. NAPE have reaffirmed their willingness to honour fully their obligations under the scheme and believe that alleged breaches of the scheme should continue to be determined by the dock labour boards under the statutory procedures.

It has been said that dockers fear that the Government intends to abolish the dock labour scheme. Let me make it absolutely



Change as

clear that the Government has no plans to abolish the scheme.

*There is therefore <sup>now</sup> no reason whatsoever for the strike*

I understand that both the union and NAPE have now accepted invitations from ACAS to discuss the dispute. I ~~very much~~

*I wish them all success*  
hope ~~that it can be brought to a speedy resolution.~~ This

strike can only damage <sup>any</sup> jobs, ~~not only~~ in the ports,

*and* ~~but~~ in other industries too. It is not in the interests

of dockers and their families, <sup>es</sup> of their fellow-workers <sup>in</sup>

*other industries,* or of the country.





*BT*  
*File*

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213.....6400  
Switchboard 01-213 3000

Andrew Turnbull Esq  
Private Secretary  
10 Downing Street  
LONDON SW1

12 July 1984

*Dear Andrew,*

DOCK STRIKE

My Secretary of State thought colleagues might find the attached note useful in responding to questions about the Dock Strike over the weekend. The unions and employers may meet \* during Friday morning so the conclusion is necessarily vague.

I am copying this to the Private Secretaries to all Cabinet Ministers, and to Sir Robert Armstrong.

*Yours sincerely*

*David Normington*

DAVID NORMINGTON  
Principal Private  
Secretary

\* meeting now  
fixed for  
Friday 11.0 a.m.



## THE DOCK STRIKE

### Points to make

IT IS DIFFICULT TO UNDERSTAND WHAT THE STRIKE IS ABOUT.

### THE DOCK LABOUR SCHEME IS NOT UNDER ATTACK

- Employers have promised to continue to accept their obligations under the Scheme.
- The Government have no plans to abolish the Scheme.
- The National Dock Labour Board have found in the unions favour over the incident at Immingham.

### THE TGWU

- have ignored the Local and National Dock Labour Boards usual procedures for resolving disputes about the application of the scheme;
- have also ignored the industry's agreements about procedures to be followed and notice to be given before strikes take place;

### CONCLUSION

Cannot see why the unions and employers should not settle this quickly through their normal negotiating machinery.



APPENDIX I

PORTS TO WHICH SCHEME RELATES

SCHEME PORTS

See map below

A. Tyne and Wear Ports:

The following Ports:—

- (1) Blyth
- (2) Dunston
- (3) Gateshead
- (4) Newcastle
- (5) North Shields
- (6) Seaham Harbour
- (7) South Shields
- (8) Sunderland

B. The following Ports:—

- (1) Middlesbrough
- (2) The Hartlepoons

C. The following Ports:—

- (1) Hull
- (2) Goole

D. The following Ports:—

- (1) Grimsby
- (2) Immingham

E. Wash Ports:

The following Ports:—

- (1) Boston
- (2) King's Lynn
- (3) Wisbech

F. East Anglian Ports:

The following Ports:—

- (1) Great Yarmouth
- (2) Ipswich
- (3) Lowestoft

G. The Port of London:

H. The Medway and Swale Ports:

The following Ports:—

- (1) The area of the Conservators of the River Medway
- (2) The area of the Commissioners of the Faversham Navigation

- (3) The area of the Conservators of Milton Creek

- (4) The harbour area of the Queenborough Corporation
- (5) Whitstable

I. South Coast Ports:

The following Ports:—

- (1) Poole and Hamworthy
- (2) Southampton
- (3) Weymouth

J. The Port of Plymouth:

K. The Cornish Ports:

The following Ports:—

- (1) Charlestown
- (2) Falmouth
- (3) Fowey
- (4) Hayle
- (5) Newlyn
- (6) Par
- (7) Penryn
- (8) Penzance
- (9) Porthleven
- (10) Portreath
- (11) Truro

L. Bristol and Severn Ports:

The following Ports:—

- (1) Bristol
- (2) Gloucester
- (3) Sharpness

M. South Wales Ports:

The following Ports:—

- (1) Barry
- (2) Cardiff and Penarth
- (3) Newport
- (4) Port Talbot
- (5) Swansea

N. The following Ports:—

- (1) Birkenhead
- (2) Bromborough
- (3) Garston
- (4) Liverpool
- (5) Widnes

O. The following Ports:—

- (1) Ellesmere Port
- (2) Manchester
- (3) Partington
- (4) Runcorn
- (5) Weston Point

P. ~~The Port of Preston~~

Q. The Port of Fleetwood:

R. The following Ports:—

- (1) Barrow-in-Furness
- (2) Silloth
- (3) Whitehaven
- (4) Workington

S. Ayrshire Ports:—

The following Ports:—

- (1) Ardrossan
- (2) Ayr
- (3) Irvine
- (4) Troon

T. The Clyde Ports:

The following Ports:—

- (1) Glasgow
- (2) Greenock

U. The Port of Aberdeen.

V. East of Scotland Ports:

The following Ports:—

- (1) Birtisland
- (2) Dundee
- (3) Grangemouth
- (4) Granton
- (5) Kirkcaldy
- (6) Leith
- (7) Methil
- (8) Tayport

W. The port of HUNTERSTON

In this Appendix port means the area of that port as laid down by or under any Act of Parliament, Order-in-Council, provisional Order or any instrument made under an enactment passed or made with reference to that port, except where otherwise defined for the purposes of any dock labour scheme referred to in Clause 1(3) of the Scheme, in which case it shall have the meaning set out in that dock labour scheme.

File



Mayas Nør Schæne park '000 tons

Dore	6,300
Folkestene	<del>4,400</del>
Felvestene	4,900
Hornvick	3,000
Parksten	700
Nestor	1,000
Storvick	3,000
Misc. harbors & wharves	3,000



PS/Secretary of State

cc: PS/Mrs Chalker  
 PS/Mr Mitchell  
 PS/Mr Lazarus  
 PS/Lord Lucas  
 Mr Knighton  
 Mr Dempster  
 Mr Walker  
 Mr Fells  
 Mr Devereau

## DOCKS STRIKE

Present Position

There has been an intensification of industrial <sup>action</sup> since yesterday. Eight ports which were working normally yesterday now have RDWs on strike. These are: Ayr and Troon, Plymouth, Lowestoft, Port Talbot and the four north-east ports where dockers belonging to the GMBATU have just voted to join the strike (Tyne, Sunderland, Blyth and Seaham).

The port of Hunterston is also reported to be on strike - along with the remaining Clyde ports - but supplies to the Ravenscraig steelworks are still getting through with the help of BSC-employed staff at Hunterston. This work does not, apparently, normally involve RDWs and does not, therefore, constitute a breach of the Scheme.

A list of those ports definitely on strike is at Annex A.

National Joint Council Meeting

The NJC for the Port Industry met for seven hours yesterday evening. The employers' side say they were unable to agree to the demands of the TGWU; these are understood to have been two-fold - first, that the employers should undertake never again to permit any breach of the Scheme and, second, that the unions should become the arbiters of what constitutes a breach. The employers' side were willing to go no further than a reaffirmation that they were willing to abide by the rules of the Scheme.



Next moves \*

There are several TGWU docks meetings today - most importantly the dock workers' delegate conference. Current indications are that they will, at best, confirm support for the strike and there are suggestions that they may seek to intensify it, perhaps by urging a ban on the movement of unaccompanied freight by ferries.

The substance of the dispute

We now have both the employers' and the TGWU's versions of the incident which gave rise to the dispute. The BSC, in a letter to the Secretary of State for Trade and Industry (copy at Annex B) say that there is an agreement with the TGWU branch covering Immingham, dating from 1979, which states that "the loading schedules for the supply of bulk materials ..... shall be maintained and that ships shall be continuously discharged as quickly as possible without restriction by reasons of origin or destination of materials or method of loading or transport." BSC say that the agreed practice at Immingham is for a contractor's specialist front-loading shovel with driver to be brought in to load materials with the TGWU having two dockers "standing by" whilst loading takes place. BSC say that they approached the TGWU at local level on Thursday 5 July to explain that they proposed to implement "usual contractor stand-by arrangements" to move iron ore. They say that the local dockers seemed ready to accept but that the TGWU Dock Committee withheld agreement on the advice of the TGWU national docks officer, (Mr Connolly). BSC made it clear that lorry convoys would start at 2 pm on Friday 6 July; the TGWU requested a delay of 2/3 days in order to await the outcome of NCB/NUM negotiations. BSC were unable to accept a postponement of the lorry operation which started at 3 pm on Friday.

\* See note at Annex C.

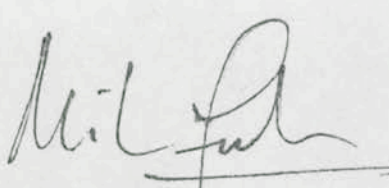


The TGWU perspective accords broadly with BSC's except for one important detail. The Union say that they indicated to BSC on Friday morning that any attempt to move the ore using non-registered labour would constitute a breach of the Scheme and thus be likely to trigger a strike. The TGWU allege that BSC ignored that warning and that when it became clear that dockers would not handle the iron ore sent home, on full pay, those dockers involved. The TGWU allege that as soon as their dockers had left the port premises the BSC brought in contractors to load the lorries.

#### National of Seamen

The Executive Council of the National of Seamen are meeting in regular session this morning. They are bound to discuss the implications of both the ~~coal~~<sup>coal</sup> and dock disputes. On the latter they seem likely to instruct members not to permit vessels to be diverted from strike-bound ports to those which are still working. This instruction would not apply to deep-sea vessels, but cross-Channel services could be affected.

The NUS will also be discussing Sealink privatisation; the General Secretary (Mr Slater) indicated in a radio interview this morning that his Executive may instruct members to restart their campaign of industrial action in protest against privatisation - perhaps by banning the movement of unaccompanied freight - *now confirmed from midnight Friday 13 July (Sealink ferries only).*

  
M J FUHR  
RC/TIR

11 July 1984





Scheme ports with rdws on strike

PLA )  
Liverpool ) and non-rdws  
Bristol )  
Hull  
Goole  
Southampton  
Fleetwood  
Barrow (BNFL dockers only)  
Garston  
Barry (except for dockers handling perishable cargoes)  
Tees/Hartlepool  
Ipswich  
Manchester  
Workington  
Whitehaven  
Aberdeen  
Dundee  
Forth  
Grimsby/Immingham  
Weymouth (freight traffic only - passenger traffic has a  
dispensation)  
Clyde  
Fowey  
Par  
Ayr and Troon  
Lowestoft  
Plymouth  
Tyne  
Sunderland  
Blyth  
Seaham



Scheme ports where rdws are still working

Poole

Non-scheme ports where rdws are striking

Lerwick - ~~except~~ for specified dispensations

Montrose



BRITISH STEEL CORPORATION

ROBERT HASLAM  
CHAIRMAN

10 July 1984

The Rt. Hon. Norman Tebbit, MP  
Secretary of State for Trade & Industry  
Department of Trade & Industry  
1 Victoria Street  
London SW1

Herewith I am attaching a brief note on the background to the Dockers strike at Immingham. Dr. Grieves is to see Mr. Finnie the Director of The National Association of Port Employees immediately after lunch to discuss the situation and we will let your office know how things develop.

cc: Mr. N. Lamont  
Mr. B. Murray  
Mr. R. Mountfield



Background to Dockers' Strike at Immingham

1. As a result of the agreement between NUM, NUR, ASLEF, TGWU and NUS to blockade coal and iron supplies to Steelworks, the rail unions refused to run iron ore trains from Immingham to Scunthorpe past a picket line just outside Immingham as and from 10.00a.m. 3rd July 1984.
2. Scunthorpe management decided to use road vehicles to move the iron ore.
3. Unlike BSC's other dock facilities (Port Talbot, Redcar and Hunterston), the agreement at Immingham gives TGWU dockers the work on both Ship and Shore i.e. unloading operations and reloading on to transport to Scunthorpe. All our docks employ dockers under the National Dock Labour Board Scheme.
4. Therefore discussions were held on 5th and 6th July with the TGWU Docks Committee (Immingham and Grimsby Branch) on the loading of road vehicles with iron ore.
5. The 1979 agreement with the TGWU Branch covering Immingham, clause 1.2 states:-

'This agreement shall cover the import of iron ores and bulk materials associated with the iron and steelmaking activities of the British Steel Corporation. It is accepted that the loading schedules for the supply of bulk materials as at Appendix 6 shall be maintained and that ships shall be continuously discharged as quickly as possible without restriction by reason of origin or destination of materials or method of loading or transport.'



6. This clause clearly anticipates use of transport other than rail (which would be the normal system). The clause was clarified in writing in June 1979 to include 'rail and road' and not 'rail, road and barge' as originally required by management.
7. Loading of road vehicles has taken place frequently since 1979, the tonnages being:-

1979 -	90,000 tonnes )	
	)	
1981 -	10,000 tonnes )	Ferrous raw material
	)	
1983 -	33,000 tonnes )	
	)	
1984 -	9,500 tonnes )	
8. The practice that has developed (by agreement with the dockers) is for a contractor's specialist front loading shovel with driver to be brought in to load, with the TGWU having 2 dockers 'standing by' whilst the loading takes place.
9. The shovel driver is not a registered docker. The provisions of the NDLB Scheme allow employers to agree the use of non-registered workers for certain specialist work. The system outlined above was agreed in a meeting including local NDLB representatives.
10. In the meeting on Thursday 5th July the above arrangements were outlined by management and it was proposed that the usual contractor standby arrangement be implemented for the iron ore movement.
11. The local dockers appeared prepared to accept management's requirements but the issue was contested by the local Docks Committee members. The arguments varied between:-



(i) BSC has no right to use non-registered dockers. The previous practice was portrayed as having been very rarely used and contrary to the NDLB provisions.

(ii) The iron ore was 'blacked' due to the refusal of rail crews to handle it, therefore dockers would also refuse.

The officials stated that they had taken advice from Mr. J. Connolly, TGWU National Officer, who was encouraging their refusal.

12. After assessing the clear intent of the agreement to allow road operations and the means and frequency of using lorries by the stated method of loading, the TGWU representatives asked for 24 hours to take further advice. Management stated that the lorry convoys would start at 2.00 p.m. on Friday 6th July (i.e. effectively delaying 24 hours).
13. A further meeting took place on the morning of Friday 6th July attended by the Works Director and Personnel Director from Scunthorpe. The same ground was covered. The TGWU however, would not agree to the introduction of a contractor's shovel and driver. Support for the NUM dispute, and rail unions 'blacking' of the ore, was clearly the predominant motive.
14. Whilst again noting the content of the local agreements for loading lorries, the TGWU requested a delay for 2/3 days in the hope that the NCB/NUM negotiations might achieve an end to the dispute. Scunthorpe Management explained that the material was required at Scunthorpe urgently to secure the correct belnded supply for the blast furnaces, and that therefore the lorries would start at 3.00 p.m. that day.
15. Lorries were loaded and ran at an intensive rate throughout the weekend.



16. The local dockers Branch held a mass meeting on the morning of Monday 9th July. By a narrow majority (25 in 500) they decided to go on strike immediately and to have a further mass meeting on the morning of Tuesday 10th July. They requested that the lorries should be stopped for the 24 hours of the strike, which was rejected.
  
17. The National Dockers Committee of the TGWU also met on Monday 9th July to consider the Immingham position. As a result a national dock strike of registered and non-registered dock workers was called from midnight 9th July. The National leadership has stated that the strike is about the use of non-registered dockers contrary to the NDLB Scheme. The Union's Assistant General Secretary is on record this morning as saying the strike is not about the NUM dispute but because the Corporation (in its capacity as a member of the Port Employers Association) is in breach of the NDLB Scheme. He states that if the union acquiesced to the Corporation's action on this occasion it would be the 'thin end of the wedge' and this poses a real threat to Dockers. There has recently been considerable tension in the dock industry over the growing employers hostility to the scheme and hints by Government spokesmen that it might soon be cancelled.
  
18. The Corporation's position is that there is no such threat. The gates of the Port are open and the dockers have been told repeatedly that work is available including the usual stand-by arrangement associated with road movement and the use of specialist contractors' equipment. No docker has been put in the position of refusing an instruction from Management.



19. The withdrawal of labour by the Immingham Dockers is in contravention of the procedure contained in the 1979 agreement, which states that matters not settled in the locality should be referred to the disputes machinery of the National Joint Council for the Port Transport Industry. No strike or restriction should take place in the meantime.
20. Any dispute about the application of the NDLB provisions should be taken up with the local DLB, and subsequently with the National DLB
21. BSC believes that the frustration of the TGWU National Officials at their inability to influence the movement of raw materials into BSC Works causes them to seek every opportunity to bring other pressures to bear on the Corporation, and this dispute is being used to that end.



The National Dock Labour Board meet tomorrow to consider, in the light of a report from the local Grimsby/Immingham Board, whether the BSC breached the scheme and, if so, what action should be taken. The question hinges on the terms and interpretation of an agreement with BSC say dates from 1979 (see below). Whatever decision NDLB reaches, however, will not of itself lead to the strike being called off.

In the past couple of years there have been several occasions when non-registered men have landed fish at Grimsby - constituting breaches of the scheme. These episodes have, however, been resolved locally.



TOP COPY on  
Nat Ind:  
Coal  
21

Ref. A084/1990

PRIME MINISTERCabinet: Industrial Affairs

There are two items: coal and the docks.

Coal

2. You will wish to ask for the usual reports from:
  - i. the Secretary of State for Energy  
on the NCB/NUM talks  
on the NUM Delegate Conference and the legal action related to it  
on progress in getting the miners back to work
  - ii. the Home Secretary  
on the disturbances in South Yorkshire  
on intimidation
  - iii. the Secretary of State for Trade and Industry  
on the latest position at the British Steel Corporation's major plants
  - iv. the Secretary of State for Transport  
on coal movements by rail.

Docks

3. You will wish to ask for reports from
  - i. the Secretary of State for Transport  
on the extent of the strike
  - ii. the Secretary of State for Employment  
on the issues relating to the National Dock Labour Scheme
  - iii. the Secretary of State for Trade and Industry  
on how the strike is likely to affect industry.

Further Meetings

4. The next meeting of MISC 101 is on Monday 16 July at 4.00 pm. Any discussion of the dock strike which may prove



necessary can be arranged in the Civil Contingencies Unit either at Ministerial level under the Home Secretary or at official level.

ROBERT ARMSTRONG

11 July 1984



CONFIDENTIAL

~~CCND~~



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

NBPM  
AT 374

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
HM Treasury  
Treasury Chambers  
Parliament Street  
LONDON SW1P 3AG

3 April 1984

*Dear Nigel*

PORT OF LONDON AUTHORITY: PAY FOR REGISTERED DOCK WORKERS

I wrote to you on 16 March about the position PLA had reached in their negotiations with the Unions. Since then, as I feared might happen, matters have got worse.

At a meeting on 22 March, the Unions accepted the proposals for 1984 (an increase of about 8½%, bringing Grade 2 Dockers into line with the basic pay of a Grade 5 Tally Clerk) but rejected the proposal for a further increase of £3.75 per week - plus "cost of living" - which would have provided parity between Grade 3 Docker and Grade 5 Clerk by 1 July 1985. They put forward a claim for parity between Grade 5 Docker and Grade 5 Clerk by 1 January 1986 in addition to "cost of living" increases each year.

If accepted, this would mean that between 1983 and 1986 the dockers would have had increases in their basic pay of 27% in addition to the "cost of living" increases they would secure.

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The PLA Chief Executive proposed to stand firm on his original offer, but was overruled by the Board. They apparently apprehend that if the men are not given a date for the full parity they seek, there will be a strike which would further worsen the financial position of the PLA. The Board decided to offer parity as requested by the Unions, but one year later - ie on 1 January 1987. They say they will make it clear that this has to be 'self-financing' by further severances. This is obviously impossible to enforce.

The Unions, who have a representative on the Board, know that the Chief Executive was overruled, so his negotiating position must be weak. I do not see how I can stiffen PLA, now that the Board have made the concession, which must be known to the Unions; but I shall try. I cannot, however, in the context of the conclusions of E(A) on 20 March 1984, push them to the point at which they expect a strike.

There is no doubt in my mind that the intransigent attitude of the Unions derives directly from the dockers knowledge that their jobs are safe. What an evil the Dock Labour Scheme is!

A copy of this letter goes to the members of E(A), and to Sir Robert Armstrong.

*Yongman*  
*Ann*

NICHOLAS RIDLEY

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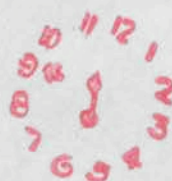


Industrial Policy

Industrial Action in Ports

AT2

3 APR 1984







NBSM  
AT  
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✓ C NO

Caxton House Tothill Street London SW1H 9NF  
Telephone Direct Line 01-213 6400  
Switchboard 01-213 3000

The Rt Hon Sir Geoffrey Howe QC MP  
Secretary of State for Foreign and  
Commonwealth Affairs  
Foreign and Commonwealth Office  
Whitehall  
LONDON SW1

22 March 1984

*Dear Foreign Secretary,*

Thank you for your minute of 6 March about the Dock Labour Scheme and its application to fishing ports.

There have been a number of Industrial Tribunal decisions which have now significantly reduced the involvement of Scheme registered dock workers in the landing of fish. Only in Aberdeen is it true that virtually all fish have to be landed by registered dock workers. In Grimsby in effect it is only fish landed from boats in excess of sixty feet that has to be handled by registered men and Fleetwood now has the right to have fish landed by trawler crews and achieved this through a case before an Industrial Tribunal.

It is certainly anomalous that, as a result of the Dock Labour Scheme, the landing of fish (except perhaps that boxed and frozen at sea) can be regarded as dock work. We are considering the position of the Scheme at the moment, but you will appreciate that both the timing and the handling of any reform in this area need to be considered very carefully.

I am copying this to the Prime Minister, Nick Ridley, George Younger and Michael Jopling.

*Yours sincerely*

*Peter Litch*

*[Approved by the Secretary of State  
& signed in his absence].*

CONFIDENTIAL



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23 MAR 1984

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NB PM AT 17/3

MR TURNBULL

c Mr Redwood

THE PORT OF LONDON AUTHORITY AND THE NATIONAL DOCK LABOUR SCHEME

1. E(A) will consider the PLA tomorrow under the Chancellor's chairmanship. We understand from Treasury officials that the Chancellor and Chief Secretary will (i) oppose Nicholas Ridley's plan to announce abolition of the NDLS and (ii) resist further subsidies to the PLA. We support this line. But if, as is possible, Mr Ridley wishes to refer back to Cabinet in the very near future, you might like to bear in mind the following observations.

2. We wholly agree that the NDLS and Jones/Aldington agreement are an abomination. But Mr Ridley's proposals in E(A)(84) 15 are not the right way of tackling the problems of the PLA:

- (i) The proposals fall down on tactics. If we begin by announcing repeal of the NDLS and Jones/Aldington agreement, all we will do is to bring down an immediate deluge of problems in the 53 other Ports when the one we want to tackle is London. In any case, as Tom King points out, the PLA is likely to reach a crisis long before NDLS legislation can be put through.
- (ii) The strategy, whether for London in particular or the Ports in general is unclear. What is the future of the PLA to be? What if we cannot sell Tilbury to the private sector? Do the PLA's proposed conservancy functions need to remain in the public sector? What would be the fate of the other Scheme Ports, if the national dock strike took place? We need answers to these longer term questions before rushing to abolish the NDLS.







3. We recommend no new funding or special measures by Government, so that the problems of the PLA run their own course, up to and including bankruptcy. What we need in the meantime is a worked-out business plan for the PLA and a clearer idea of what we want to do with the Scheme Ports as businesses rather than as victims of the NDLS.

*R.Y.*

*Ol.*

ROBERT YOUNG

OLIVER LETWIN





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NBPM  
BT 19/3  
CG/NO

QUEEN ANNE'S GATE LONDON SW1H 9AT

19 MARCH 1984

*2 Nigel.*

NATIONAL DOCK LABOUR SCHEME AND THE FUTURE OF THE PORT OF LONDON AUTHORITY

I have seen Nicholas Ridley's paper (E(A)(84)17) on the National Dock Labour Scheme (NDLS) and the Future of the Port of London Authority (PLA). I have also read Tom King's and Peter Rees's views. In my absence, I have asked David Mellor to attend the meeting tomorrow. But I thought it might help to register my own views on this matter in advance.

I do not dispute the deeply unsatisfactory nature of the NDLS, and recognise the right course to follow at an appropriate time is likely to be to abolish it. I also readily appreciate the difficulties which Nicholas Ridley faces in dealing with the PLA.

But I believe that to take, let alone to announce now, a decision to repeal the NDLS would be wrong. It is still too early to predict the course of the present coal dispute. As you know, a major co-ordinated deployment of police has been required to ensure that the law is upheld and that those who wish to work are able to do so. We should not under-estimate the strain which this is inevitably placing on many police forces. There is nothing which the NUM national leadership would prefer, I suspect, to an announcement of our intention to end the NDLS which, as Nicholas Ridley's paper fairly recognises, "would certainly provoke a national dock strike". We should not jeopardise a favourable outcome of the coal dispute by any action which would greatly strengthen trade union solidarity with the NUM and could impose a further major burden on the police.

The timing of any future decision to repeal the NDLS will clearly require careful preparation and handling. It should not be dependent on the immediate problems of the PLA - and as Tom King and Peter Rees point out, it need not be.

I am copying this letter to member of E(A) and to Sir Robert Armstrong.

*L  
Lawson,  
L  
Lawson*

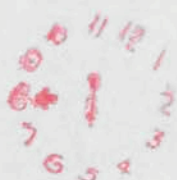
The Rt Hon Nigel Lawson,

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Industrial Policy Pt 2  
Parts

9 MAR 1984





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DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

*NDPM*  
*AT 16/3*

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
HM Treasury  
Treasury Chambers  
Parliament Street  
LONDON SW1P 3AG

16 March 1984

*Dear Mr. Lawson,*

PORT OF LONDON AUTHORITY: . DOCKERS' PAY

I understand that you will be chairing the meeting of E(A) next Tuesday at which we shall be considering urgent papers on the Dock Labour Scheme and the future of the Port of London Authority (PLA). You and colleagues ought to know beforehand of the latest position on the pay of the PLA's registered dock workers (RDWs). This reinforces the need for us to address the PLA problem even more urgently.

The PLA propose to offer all their employees, dock workers and staff, a pay increase of 2½% this year. This is also a legacy from the 8-week strike last Spring for the RDWs. The agreement on which the strike was ended, with the assistance of ACAS, included provision that the dockers should attain equity of treatment with the clerks (who are also registered men) over a two-year period. The union began in January to press the PLA to negotiate on this. The alternative to negotiations beginning would probably have been another strike, which we could not prevent, nor were we ready with a strategy for the PLA's future. Being unable to reach agreement, the PLA and the union have had recourse again to ACAS mediation.

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The effect of the ACAS recommendations would be to raise the pay of the dockers by £7.75 per week by 1 September. Together with the 2½% increase this would mean an average increase of 8½%. There would be a further £3.75 per week increase, plus a partial cost of living element, in 1985. The clerks are likely to press for comparable increases, and the PLA will probably concede them, though they will not consolidate them in the clerks' basic rate. Much of this extra pay is for people for whom there is no work, paid for by people who have no money: and I have no power to stop this.

Apart from the 2½%, these increases, both for dockers and for clerks, are to be paid for by alleged "improved productivity", which must mean fewer jobs. But, as my paper explains, because of the dock labour regime the PLA is unable to shed men unless they go voluntarily, which very few were willing to do at the going rate last autumn. Fewer jobs in the PLA means more people paid for doing nothing, liable now to get an 8½% pay rise.

Nor is it a foregone conclusion that the dockers will agree to settle on the ACAS recommendations. If they do not, or if the clerks create difficulties, the PLA could have more industrial trouble on their hands, with all that that implies for their business. If the PLA were a nationalised industry, we would never have reached this situation. But because the dockers know that their jobs are secure, they were able last year to secure a very good settlement to the strike which included the commitment to equity of treatment which has led to this very high offer to the RDWs. This sorry tale underlines the need to put matters right in our docks industry.

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

*Yours sincerely,*

*Denah Nichols*

*Private Secretary*

*pp* NICHOLAS RIDLEY

*(approved by the Secretary  
of State & signed in his  
absence).*

CONFIDENTIAL



Parts



16-584







✓ CC NO



PRIME MINISTER

NATIONAL DOCK LABOUR SCHEME AND THE PORT OF LONDON AUTHORITY

In his minute of 13 March the Secretary of State for Transport refers to his paper which proposes, as a means of dealing with the problems of the Port of London Authority that we should announce an intention to abolish the Dock Labour Scheme. As the Minister with responsibility for the Scheme I cannot support that proposal at the present time.

The Transport Secretary's paper, which has only just been circulated, does not reflect the views I and others put forward in the discussion to which he refers. I shall need, therefore, to circulate a paper of my own which I aim to do within the next few days.

I am sending copies of this to those who received Nick's minute.

A handwritten signature in dark ink, consisting of a large, stylized initial 'T' followed by a smaller 'K' and a period.

T K

March 1984



Inet Poi Points Pt 2

17 MAR 1984



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LECNO

NRPM

AT 14/3



Prime Minister

NATIONAL DOCK LABOUR SCHEME AND THE PORT OF LONDON AUTHORITY

I have circulated to E(A) a paper asking my colleagues to decide whether or not to proceed to abolition of the National Dock Labour Scheme.

Not Yet Received

The smouldering financial crisis at the Port of London Authority may blow up at any time. Last year we staved it off by giving the Docklands Corporation some £5m to buy land from the PLA. Before we have to deal with the next crisis, we must be clear where we stand on the strategic issue.

Over the past 3 months I have had 3 meetings with the Secretary of State for Employment and the Chief Secretary on the way forward. It would be wrong for me to delay any longer in putting the major issue before colleagues.

I hope very much therefore that my paper could be taken at the meeting of E(A) arranged for 20 March.

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

NICHOLAS RIDLEY  
13 March 1984

CONFIDENTIAL



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CONFIDENTIAL

cc 250



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

NBPM

AT 12/3

The Rt Hon Tom King MP  
Secretary of State for Employment  
Department of Employment  
Caxton House  
Tothill Street  
LONDON SW1H 9NF

12 March 1984

*Dear Tom*

DOCK LABOUR SCHEME

I was interested to see Geoffrey Howe's minute to you of 6 March about the effect of the dock labour scheme in fishing ports.

I understand that in fact only Aberdeen and Grimsby fall within the scheme in respect of the handling of fish, and that the position at Fleetwood is under appeal. But even if the effect of the scheme on the fishing industry as a whole cannot be said to be great, the local effect may be significant. The differences in the definition of dock work in the various ports seem particularly anomalous.

This certainly adds point to the argument, which we are considering in the PLA context, that the scheme should now be abolished.

I am copying this to the Prime Minister and Geoffrey Howe, and, with a copy of his minute, to George Younger and Michael Jopling.

*Yours sincerely*

*Nicholas Ridley*

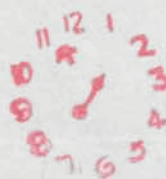
NICHOLAS RIDLEY

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NBpm  
AT 6/3FCS/84/71SECRETARY OF STATE FOR EMPLOYMENTNational Dock Labour Board Scheme

1. I think I mentioned to you that when I visited Fleetwood the other day I received very strong representations about the harmful effects of the NDLB scheme on the fishing industry. I confess that I was a little surprised to find that the scheme applied to the fishing industry as well as to the more general activities of the port.
2. As far as Fleetwood is concerned, I understand that they have secured a degree of temporary relief by appealing the matter through the courts. But they were not very confident of being able to hold the line in this way; and it was pointed out to me that the scheme is in any case applying with full force at Hull and Aberdeen - and other fishing ports too, for all I know - to the very serious detriment of the fishing industry there.
3. This is of course a question for you and for Nicholas Ridley, but I thought it right to record what seemed to me an important point made by the fishing industry. There are of course also wider considerations, including those affecting the PLA, which point towards the abolition of the scheme.
4. I am copying this minute to the Prime Minister and the Secretary of State for Transport.

GEOFFREY HOWE

Foreign and Commonwealth Office  
6 March, 1984



16 MAR 1984





CONFIDENTIAL

MJ



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10 DOWNING STREET

*From the Private Secretary*

5 December 1983

Port of London Authority

The Prime Minister was grateful for your Secretary of State's minute of 30 November, giving advance warning of problems ahead with the PLA. She has noted that a collective discussion of the PLA is likely to be needed before the Christmas recess.

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

MR. A. TURNBULL

Miss Dinah Nichols  
Department of Transport.

CONFIDENTIAL

574



13  
CC NO  
CONFIDENTIAL

Prime Minister ②  
To be aware of trouble  
ahead.

PRIME MINISTER

PORT OF LONDON AUTHORITY (PLA)

I think I should forewarn you of the problems that we face with the Port of London Authority. They could soon become urgent.

The PLA was badly damaged by the 8 week strike of dockers earlier this year, on which they allowed themselves to be manoeuvred into a generous settlement, and by the following strikes by tallyclerks. They told my predecessor that they might be able to return to viability if they withdrew from all direct cargo handling and transferred remaining traffic to their tenants at Tilbury. Tom King asked them to pursue this and to examine the other options, and to report on the options in October. This has been delayed. I expect to have the Authority's report and their views on what should be done next week and I will report to E(A) Committee as soon as possible thereafter: there is a place on the agenda for 15 December.

We have frequently reaffirmed that we will not revert to the open ended deficit subsidy that we finally managed to stop at the end of 1982. The PLA's current problem is that they have 25% more registered dock workers than they need after several attempts to sever them voluntarily, and they are unlikely to be willing to seek to follow the legally difficult and industrially very risky road of compulsory severances. So they will I expect ask us to resume subsidy, or to give them a further very generous

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financial reconstruction. They will claim that we ought to solve their problems by repealing the Dock Labour Scheme.

It is going to be a matter of very difficult judgement to find a strong and firm line which will require the PLA to deal with their problems without letting them precipitate wider industrial problems at the wrong time and on the wrong issue. I am doing what I can to strengthen the Board with fresh appointments, but my legal powers to do so are limited. I am of course keeping in close touch with the Secretary of State for Employment and the Chief Secretary. I believe that we shall have time to deal with these matters in a considered and deliberate way once we have the PLA's report, and that I shall be able to retain control over the way things develop. But there is a risk that matters could be precipitated, for example by resignations from the Board, and that is why I am sure it is important that we should take a collective view of these matters well before the Christmas Recess.

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

NICHOLAS RIDLEY

30 November 1983

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UNITED STATES POSTAL SERVICE  
POSTAGE WILL BE PAID BY ADDRESSEE  
FIRST CLASS PERMIT NO. 1000 NEW YORK, NY

MEMORANDUM FOR THE DIRECTOR, FBI  
SUBJECT: [Illegible]

1. [Illegible]

2. [Illegible]

RECEIVED  
DEC 1 1983

3. [Illegible]

[Illegible]



FROM: P L GREGSON CB, DEPUTY SECRETARY

COPY 4 OF 13 COPIES



CABINET OFFICE  
70 WHITEHALL  
LONDON SW1A 2AS

20

01-XXXXXXXX 233 8339

Barnaby Shaw Esq  
Private Secretary to the Secretary of  
State for Employment  
Department of Employment  
Caxton House  
Tothill Street

Our Ref: P.01057

2

4 July 1983

SECRET AND PERSONAL

Prime Minister

mt

Worth reading

(especially para's 4-12)

MUS 4/7

*Dear Barnaby*

ECONOMIC EFFECTS OF A NATIONAL DOCK STRIKE

When your Secretary of State met the Secretary of State for Transport and the Chief Secretary, Treasury on 23 June to discuss the Port of London Authority it was agreed, inter alia, that there should be an assessment of the impact of industrial action in the docks nationally.

The Official Group on the Docks (MISC 78) has summarised and updated the assessments made for Ministers last year in the enclosed report.

I am sending copies of this letter and the report to Dinah Nichols (Transport) John Gieve (Treasury) and to Michael Scholar (10 Downing Street).

*Your sincerely*

*P L Gregson*

P L GREGSON

SECRET AND PERSONAL



ECONOMIC EFFECTS OF A NATIONAL DOCK STRIKE

Report by the Official Group on the Docks (MISC 78)

---

INTRODUCTION

This report summarises the likely economic impact of a national dock strike within the next few months. It is based on two earlier reports by MISC 78 circulated to the Ministerial Sub-Committee on Economic Affairs (E(EA)(82)22 and Mr Gregson's minute of 29 October 1982 to the Secretary of State for Industry), brought up to date where necessary.

THE EFFECTS OF A STRIKE

Coverage and duration

2. The extent and severity of a dock strike would depend on the issue which gave rise to it. This report discusses the implications of a national strike with the following features, which are deemed likely in most circumstances.

- i. All major ports would be affected (including, in particular, the 80 or so, handling about three quarters of total non-fuel traffic, which are covered by the National Dock Labour Scheme).
  
- ii. In the ports affected neither supervisors nor junior managers would be likely to be prepared to do work not part of their normal duties; few, if any, non-dockers would be prepared to either. Senior managers would be willing to help but would not be able to keep facilities in operation except possibly for the highly automated grain terminals and some roll-on roll-off (RO-RO) services used by driver-accompanied vehicles. There is a reasonable chance that a significant proportion of normal RO-RO traffic (which accounts for almost one-third of the tonnage of non-bulk cargo) would get through. At peak holiday periods however the freight capacity of those mixed freight/passenger ferries that could be handled would be severely constrained.



- iii. Some small ports and wharves would remain open, for example those where union organisation is weak, the railway ports, where the predominant trade union is the National Union of Railwaymen, and some private wharves operated by companies on their own account.
  
- iv. There would be substantial picketing of all ports handling general cargo, particularly those outside the National Dock Labour Scheme and wharves in the vicinity of major ports. Past experience suggests that such picketing would be generally effective. Some individual employers might seek to invoke the provisions of the Employment Acts 1980 and 1982 by applying to the courts for injunctions against unlawful picketing, but there can be no certainty that such injunctions, if granted, would be complied with.

3. The length of a national dock strike would also depend on the circumstances of the dispute, and cannot be safely predicted. The dockers may be less willing now than in 1972, when the last national strike occurred, to undertake a lengthy strike, because of the changed arrangements for tax refunds (not paid until the end of the strike or the end of the financial year) and assessing supplementary benefit (with assumed weekly strike pay of £13 per week taken into account) and because of the recession. On the other hand a number of local dock strikes have lasted for several months; the 1970 and 1972 national strikes were ended after between 3 and 4 weeks, and the strike earlier this year at Tilbury after 8 weeks, by concessions to the dockers. A crucial factor is likely to be whether a particular dispute is seen as raising national issues. Dockers elsewhere are, for example, likely to have little sympathy with those at Tilbury over a purely pay issue. On the other hand support would be much stronger for a dispute at an individual port if it raised what were seen as national issues, on which there is a tradition of militancy and unity in the industry.

Effects on sectors of the economy

4. A national dock strike would be unlikely to have an unacceptable impact on food supplies. There would be shortages and substantial price rises for some foods, probably pigmeat and eggs in particular; but there should be sufficient food supplies to maintain an adequate and balanced national diet for almost indefinite endurance of a strike occurring at any time during the year.



SECRET

AND PERSONAL

5. Oil imports and North Sea production would almost certainly be unaffected by a dock strike: oil terminals are generally physically well separated from other port activities and rarely employ registered dock workers. Supplies to some oil rigs might be impeded; but the companies concerned should be able to arrange for them to be supplied from Continental ports.

6. Steel production by the British Steel Corporation could probably continue for about 8 weeks. In addition stocks held by consumers and stockholders are probably equivalent to about 3 months' consumption of most products. The private sector steel companies mostly use scrap metal rather than ore, and so are unlikely to be seriously affected.

7. In the case of the chemical industry inability to move exports is likely to reduce United Kingdom chemical production earlier (probably within 1 week) than interruptions to imports, lack of which would probably not seriously constrain production for 3 or 4 weeks. However users of chemical products who rely on imports would probably be in difficulty from early on in a strike, as their stocks are probably low, and there is little scope in the short term for the domestic chemical industry to substitute for imports.

8. Of other industries dependent on the bulk movement of goods through the docks cotton textiles would probably be affected relatively early, as stocks of raw cotton typically stand at about 1 month's consumption. The effect on supplies of raw materials to other industries would probably not be felt for at least a month (as in the case of aluminium), and in many cases for longer. For example serious problems would probably not arise in the paper and board sector for about 6 weeks, and stocks of timber, building materials and non-ferrous metals other than aluminium are typically sufficient for 2 months' consumption or more.

9. A strike would seriously affect production in the motor vehicle industry both within the United Kingdom and at overseas plants which depend upon components and parts manufactured in this country. Production by Vauxhall at Luton, Talbot at Coventry and to a lesser extent BL at Cowley would be seriously affected after about a week or two. There would be similar effects in other industries where production is organised on a multi-national basis.

SECRET

AND PERSONAL



10. In addition there would be problems for industries such as electrical engineering caused by shortages of imported components and semi-finished articles; though in the case of these items there would be some scope for mitigating the effect by the use of RO-RO facilities, and of air freight for high value products.

11. Most port authorities are likely to be able to withstand the financial effects of a strike for 2 or 3 months, although Bristol (a liability of Bristol City Council) would immediately sink into deeper trouble. However, in the longer run the strike would increase the risk of certain other port authorities getting into financial difficulty and turning to the Government for support.

12. Those shipowners, particularly small ones, who rely substantially on trading into and out of the UK would soon feel the pressure. Cross-trading, however, which accounts for about two-thirds of the industry's earnings, would be unaffected.

Scottish Islands, Channel Islands and Isle of Man

13. Supplies of food and animal feed on these three island groups are sufficient for between 2 and 4 weeks. In previous dock strikes the unions have usually agreed that food and other essential supplies should be shipped to them. A strike during the summer months would have a serious effect on the tourist industry, which forms an important part of the economy of the Scottish islands.

General economic and financial effects

14. Depending on the duration and coverage of the strike, and the speed of recovery thereafter, there would be some short-term economic disruption i.e. delayed or lost imports and exports, temporary losses in output, increased unemployment and additional public expenditure resulting from that unemployment. In the longer term there is a risk that a prolonged strike would revive British exporters' reputation for late delivery and unreliability, and that exports would suffer some permanent damage as a result; though such effects might be partially offset by the substitution of domestic production for imports.



15. There would probably be some increase in bank lending to firms in financial difficulties, which would put pressure on the broader monetary aggregates; the Public Sector Borrowing Requirement would also increase if firms tried to delay tax payments or had to lay off workers. Provided that oil supplies were not interrupted, and that the financial markets believed that the Government's resolve and economic strategy remained firm and that a strike did not presage a more widespread deterioration in industrial relations, it is unlikely that even a lengthy stoppage (say 10-12 weeks) would lead to severe pressure on the exchange rate and, hence, interest rates.

SCOPE FOR MITIGATING ACTION

16. The effects of a national dock strike would be less severe if the threat of it became increasingly apparent over several weeks and months and companies were able to take anticipatory action, for example by building up stocks of essential imports, accelerating export shipments and making contingency plans for the use of alternative facilities such as the smaller ports or, in the case of high value cargoes, air freight. Officials consider that any such anticipatory action is best left to the market. In particular they are not able to identify any imported commodity where the level of stocks is so critical to the United Kingdom's endurance of a national dock strike that it should be stockpiled at Government initiative and expense.

17. The main scope for mitigating the strike would be the ingenuity of companies in taking advantage of such alternative facilities as remained open during the strike. Officials consider that such arrangements are best left to companies and the port authorities concerned, unless, as is discussed in the following paragraph, Service assistance was employed to keep certain ports in operation.

18. There are contingency plans to deploy some 2,600 Servicemen to provide a limited service to move essential cargo at up to 13 ports. The number of Servicemen who can be made available is limited by available numbers of certain specialists. If the plan had to be implemented in the immediate future it is likely that the Services could not find all the specialists required because of commitments to port operating in the Falkland Islands.



19. If a decision were taken to use the Services it would take them about 12 days to deploy. Their use can be authorised by the Defence Council without the declaration of a State of Emergency; but it is doubtful whether they could be used effectively without powers to direct the movement of shipping in the ports and to requisition equipment, which would require the declaration of a State of Emergency under the Emergency Powers Act 1920. This is a course only permissible in the event of action which deprives the community, or any substantial proportion of the community, of the essentials of life; a condition which, if the assessment about food and oil in paragraphs 4 and 5 above proves correct, is unlikely to be met by a national dock strike, except in the offshore islands. A Bill has been prepared on a contingency basis to extend the Emergency Powers Act 1920 to include events calculated to cause grave industrial and economic damage; it seems likely that a national dock strike would satisfy these extended conditions. Nevertheless, Ministers have so far endorsed the principle that Servicemen should only be used to maintain the essentials of life so that consideration would need to be given to the desirability of modifying this principle in these circumstances.

20. An important factor in the decision to deploy the Services is the effect of this action upon unions other than the Transport and General Workers Union (TGWU) and their members. Other dock employees might not continue to work. Some of these provide services, such as maintenance of dockside equipment, which could not be readily made good by the Services. Outside the docks the use of Servicemen to unload ships might provoke industrial action by road haulage drivers. A separate plan expects to use some 20,000 Servicemen to move essential supplies by road; but this service would not extend beyond the movement of essential supplies from the ports to the main inland supply points - leaving a significant potential problem over movement beyond these points.

21. Clearly, therefore, any decision to use the Services needs to take account both of the benefits of so doing - the Servicemen may be unable to move more than 10-15 per cent of the cargo normally handled by registered dock workers - and the possibility that such a decision could lead to further industrial action both in the ports and elsewhere. If picketing were to develop on a large scale, attempts to move Servicemen into the ports could result in serious law and order problems there.



CONCLUSIONS

22. The following are the main conclusions to be drawn from the analysis above.

- (i) The extent, severity and duration of a national dock strike would depend on the issue which gave rise to it.
- (ii) The effects of a strike on different sectors of the economy would vary both in speed and severity; but there should be no unacceptable impact on food and oil supplies.
- (iii) Provided that oil supplies were not interrupted and the financial markets believed that the Government's resolve and economic strategy remained firm, severe pressure on the exchange rate and interest rates would be unlikely.
- (iv) There is little scope for mitigating action by the Government in the event of a national dock strike; if Ministers were prepared to use Servicemen (which might require a Bill to extend the Emergency Powers Act 1920), they would be able to handle about 10-15 per cent of cargo normally handled by registered dock workers, but this might provoke an extension of the industrial action and bring no net benefit.

Cabinet Office  
4 July 1983



CONFIDENTIAL



NBPM

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6400

Switchboard 01-213 3000

MS 2/16

The Rt Hon Tom King MP  
 Secretary of State  
 Department of Transport  
 2 Marsham Street  
 LONDON SW1

21 June 1983

D. Tom.

## PLA AND DOCKS LEGISLATION

Thank you for your letter of 17 June. I understand we are to meet on Thursday afternoon to discuss it and your meeting with Victor Paige.

On PLA, at this stage I would only say that we should avoid giving them the impression that the Government is encouraging them to break an industrial agreement. On the legislation question it has never been my intention to introduce a docks bill in the coming few months.

I am copying this letter to those who received yours.

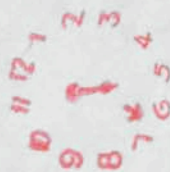
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Ind Pol : Ind Action in the Ports

Pt 2

21 JUN 1983





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DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

Rt Hon Norman Tebbit MP  
Secretary of State for Employment  
Department of Employment  
Caxton House  
Tothill Street  
LONDON SW1

19

✓ CC NO

Prime Minister (2)

MUS 17/6

17 June 1983

*Norman*

*mt*

PORT OF LONDON AUTHORITY

I think you should be aware there is further industrial action in the Port of London which is likely to bring cargo handling at Tilbury to a halt by the beginning of next week.

As you know a strike by PLA dockers over a claim for parity with tally clerks was settled after 8 weeks early in May when the PLA conceded a 10% increase in earnings, including a productivity deal. The tally clerks (who are also registered dock workers) objected to the erosion of their differential, and then put in a claim for an additional £70 a week (some 49%). From the beginning of this week they have been banning overtime and working to rule, and have threatened a strike if the claim is not settled within 28 days.

Following discussions at ACAS, the clerks have reduced their claim to an additional £20 a week; but the PLA have stuck to their offer of 3.5%, plus £8 per week for productivity savings, amounting to £13 a week (some 10%), which would be in line with the settlement with the dockers (though the productivity would be unlikely to be achieved given the nature of the scheme, unless significant severances are achieved.) When the PLA Chief Executive met the shop stewards on Wednesday he failed to persuade them to call off the industrial action, or to recommend acceptance of the PLA's offer. As a result the PLA will be bringing matters to a head on Monday by telling the clerks that if they do not resume normal working immediately they will be suspended without pay. This will almost certainly lead to all 400 clerks going on indefinite strike.

The Clerks' action is unlikely to have any effect on the economy. Its implications for the PLA would depend very much on the attitude taken by the dockers. If they are prepared to cross picket lines the PLA and their tenants at Tilbury will probably be able to offer shippers a limited service;

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but if, as seems more likely, the dockers are not prepared to cross picket lines cargo handling at Tilbury will cease, and the PLA will risk losing further business permanently. Whatever happens the dispute will further weaken the PLA's already precarious financial position.

The PLA considers that the time is fast approaching when they can no longer be expected to keep within the terms of the Jones-Aldington agreement, under which they are required to continue paying the wages of surplus registered dock workers, and that they may soon have to breach that agreement by returning surplus rdws to the Local Dock Labour Board. As you know, this would almost certainly provoke a national dock strike. I shall be seeing the PLA Chairman, Mr Paige, next Tuesday to discuss his board's position in the light of the tally clerks' action. In view of the possible grave implications, I think that you and I, and the Chief Secretary, should have an early discussion of the situation, soon after my meeting with Mr Paige. My office will be in touch about the arrangements.

Dock Work Regulation Bill

You wrote on 14 June to Willie Whitelaw seeking agreement to your Dock Work Regulation Bill being given a place in the programme for the coming Session. I entirely accept that this legislation is needed. There are, however, two factors which suggest that it might be advisable to delay a decision on the timing of introduction until later in the year:-

(i) I understand that the National Association of Port Employers is currently working on proposals for a non-statutory alternative to the existing Dock Labour Scheme, and that NAPE envisage that if their ideas are not accepted by the unions they would ask the Government to indicate that it intended repealing the statutory scheme. This is unlikely to come to a head until the autumn;

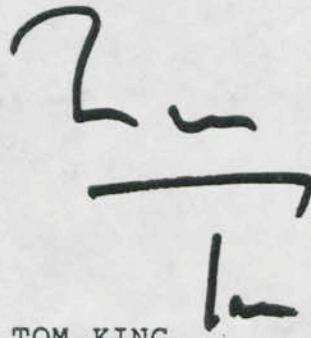
(ii) as a result of the renewed industrial trouble in London it is conceivable that we may decide that fairly drastic action relating to the scheme, going well beyond repeal of the 1976 Act, is justified. If so, the legislation will be considerably more complicated than the two clauses which you currently envisage, and this would obviously affect the timing of its introduction.

Although I entirely agree that there will need to be legislation, I hope you will agree in the light of these points that we should delay deciding on the timing of its introduction until we know what its scope will need to be in the light of developments in London and involving NAPE. I think we must be clear that the legislation may not necessarily be confined to the two clauses mentioned in your letter.



SECRET

I am copying this letter to the Prime Minister and members of E(EA), QL, and Sir Robert Armstrong.

A handwritten signature in black ink, consisting of a large, stylized 'T' followed by a horizontal line and a vertical stroke, resembling the name 'Tom King'.

TOM KING

SECRET



Ind Poi Points

17 JUN 1988

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*Page 10/11*  
*29/3/83*

NOTE OF MEETING TO DISCUSS PLA STRIKE HELD ON 29 MARCH 1983

Those present

Secretary of State for Transport

Mr Palmer

Mr Hopkinson

Mr A P Brown

Mr Bird (PS/Secretary of State)

Secretary of State for Employment

Mr Wake

Chief Secretary

Mr Broadbent

1. The Secretary of State for Transport said that the background to the current PLA strike, which had now spread to the rest of London river, was set out in his minute of 24 March to the Prime Minister. He had taken the line with the PLA Chairman that he should seek to settle the dispute in a purely London context. The PLA should also deal with the dispute within their existing financial framework. The PLA were envisaging selling land to cope with the cash flow problems caused by the strike (he would welcome the Chief Secretary's views on this). If attempts to settle the dispute failed and the strike became prolonged, the PLA might have to take action which would result in RDWs being placed on a Temporary Unattached Register which could well provoke a national dock strike. This process could well have some attractions from the Government's point of view since it would precipitate long desired changes in the PLA structure, notably their getting out of cargo handling.



But he needed to be sure that he could give the PLA Chairman an assurance that the Government would not step in to avoid a national dock strike if events went this way.

2. The Secretary of State for Employment said the crucial issue was whether the Government was prepared to contemplate a national docks strike. He noted that the PLA Board could provoke this at any stage by declaring an end to cargo handling. In discussion it was noted that an official group, MISC 78, had reviewed the consequences of a national dock strike last year and had reached fairly sanguine conclusions about the country's ability to withstand this. There was a further meeting of MISC 78 on 30 March which would update this exercise. The other ports most likely to have serious financial problems as a result of a strike were Glasgow, Manchester, Bristol and Liverpool. A strike was not likely to be confined to Dock Labour Scheme ports but would extend to major non-scheme ports as well. The effects on sterling were unpredictable. The Secretary of State for Employment said the implication was that the Government would be prepared to countenance a national dock strike in the last resort but would not wish to actively provoke it. But it was not necessary to reach firm decisions at this stage.

3. The Chief Secretary said he was concerned that the PLA might be making wrong assumptions about retaining the proceeds from land sales. Any land sales could not be considered just in terms of PLA selling land but also of the LDDC acquiring it. LDDC's development costs would be substantial. Allowing the PLA to keep the proceeds would be just another way of giving them Government support. This could only be considered if PLA agreed to give the Government satisfaction on certain points. One condition must be a thorough reconstruction of the PLA Board in the direction the Government wished and another was a firm plan for eventual withdrawal from cargo handling. There was no question of any



such Government support unless these conditions were met. The Secretary of State for Transport agreed that these were legitimate Government objectives. But the practicalities of the situation had to be considered. Reconstituting the Board could not be achieved overnight. The structure of the Board, with union and GLC representatives, was such that the effects of Government pressure on it were unpredictable. In discussion it was noted that certain members of the Board were already concerned that the PLA would not be able to live within its existing overdraft limit from the end of May and that the legality of continued trading was questionable. But as the PLA was a public trust port and not a Companies Act company, the legal position was far from clear.

4. Neither the Chief Secretary nor the Secretary of State for Employment supported the idea of an increase in the voluntary severance payments to RDWs, as a possible way of avoiding the creation of a TUR at London.

5. Summing up the discussion the Secretary of State for Transport said that there was agreement that the PLA should continue to be told that they had to deal with the dispute within their existing financial structure, and as a purely London matter. They should not seek to escalate it. But he would also be able to make it clear that the Government would not step in to prevent a national dock strike should events lead to this.

*R. Bird*

R. BIRD  
PS/Secretary of State  
29 March 1983

cc: Those present  
PS/Mr Eyre  
PS/Mrs Chalker  
Mr Lazarus  
Mr Holmes  
Mr Yass  
Mr Devereau  
Mr Grimsey





M

10 DOWNING STREET

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Prime Minister

PLA : strike

At Mr Tebbit's meeting <sup>this afternoon</sup> with Mr Howell and the Chief Secretary they decided:

1. It was right to have told the PLA to handle the strike within their current financial limit.
2. That if a national strike became inevitable the government wouldn't withdraw their backing for the PLA and run away from the issue.

MCS 29/3



CONFIDENTIAL

Prime Minister *Brick*

Prime Minister

*This dispute  
might easily spread.**MUS 25/3*

## PORT OF LONDON AUTHORITY (PLA) STRIKE

I must warn you and colleagues of a potentially dangerous situation that is developing with a prolonged strike of PLA dockers on a pay issue.

The Tilbury dockers are claiming parity on basic rates with the clerks (£135 a week). This would mean a 30% increase, costing £3m at a time when the PLA's finances are on a razor's edge with a budgeted profit for 1983 of only £2.6m. In practice, since dockers invariably get additional bonus and overtime pay on basic rates (£106.50) the claim would raise their average earnings from £147 to £176 per week. The PLA have countered with an offer of a straight 3½% increase with the prospect of further earnings through new productivity agreements. This has been rejected and the dockers, who have already been on strike for two weeks, have now decided to stay out for another fortnight in pursuit of the parity claim. The dockers on the private riverside wharfs have already voted to come out in support from next Monday.

A strike of four weeks or longer will put the PLA in danger of breaching within a couple of months its £5m overdraft limit guaranteed by the Government as part of the financial restructuring package which I announced in December and which is the subject of the Ports (Reduction of Debt) Bill currently before the House.

The problem for the Board will be that, given the very tight financial framework in which we have placed them, with no question of a return to operating subsidies from the

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Government, a prolonged strike must before long call into question the future of the PLA's own involvement in cargo-handling. Pulling out of direct cargo-handling would in fact be consistent with our policy objective of increasing private sector involvement in the Port's business, but it has not been practicable up to now because of the constraints of the National Dock Labour Scheme and the Jones-Aldington agreement. The effects of these are that the 1,000-2,000 registered dock workers (rdw's), who would become surplus could not be made compulsorily redundant. The private riverside wharfs, many of which are already in a precarious financial position, could not possibly absorb this number of rdw's as they would normally be required to do by the Jones-Aldington agreement. The PLA would either have to keep them on their own books on basic fall-back pay (currently about £100 a week) until they could be severed under the industry's voluntary severance scheme; or they would have to be put on the Temporary Unattached Register (TUR). There is a TGWU Conference resolution that recourse to the TUR should be met with a national dock strike, and all experience suggests that it would be.

I hope that the PLA will be able to confine this dispute to the pay issue, which is local to London, and avoid taking any step which would precipitate a wider crisis over the separate issue of the Jones-Aldington agreement. This will not be easy and will need a steady hand and a clear understanding of where the Government stands. I have left the Chairman and Chief Executive in no doubt that it is for the Authority to manage their own affairs in this dispute within the financial framework the Government has laid down for them, and that there is no question of a return to operating subsidies. I have also made it clear that they must handle the dispute so that it is confined to London.

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We have to recognise however that events could develop in a way which could widen the issues and possibly end up with the calling of a national dock strike. If the situation looks like going this way, quick decisions will be needed. In the meantime I shall keep closely in touch with Norman Tebbit.

I am copying this minute to our Cabinet colleagues, and to Sir Robert Armstrong and John Sparrow.

*David Howell*

DAVID HOWELL

24 March 1983

CONFIDENTIAL



25 MAR 1983



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IND. POL.

PRIME MINISTER

Mr. Howell's office rang to say that all the dockers employed by the Port of London Authority at Tilbury will be going out on strike on Monday. The dockers are seeking pay parity with the clerks employed at Tilbury. This would cost £3m to concede, a sum the PLA cannot afford. At present the Department think there is no risk that this strike will spread; it is a purely internal matter concerning only the PLA at Tilbury. Mr. Howell will, however, report if there are any further developments.

ms

WR

11 March 1983





Ind Pot

cf JV

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Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Norman Tebbit MP  
Secretary of State  
Department of Employment  
Caxton House  
Tothill Street  
London SW1H 9NA

28 January 1983

Dear Secretary of State,

Thank you for sending me a copy of your minute of 25 January to the Prime Minister about the repeal of the 1976 Act.

I agree with your proposal to defer legislation beyond the lifetime of this Parliament. The Act clearly must be repealed at some stage, but there seems no point in doing so when the advantages are minimal and the costs potentially large.

I am copying this to the Prime Minister, members of E(EA), the Lord President of the Council and Sir Robert Armstrong.

yours sincerely

LEON BRITTAN

for (approved by the Chief Secretary and signed in his absence).



Ind Pst : Ind Action in the Park Pt 2



31 JAN 1983





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18



10 DOWNING STREET

*From the Private Secretary*

27 January 1983

*Dear Barnaby,*

1976 DOCK WORK REGULATION ACT

The Prime Minister was grateful for your Secretary of State's minute of 25 January.

The Prime Minister endorses your Secretary of State's conclusion that it would not be desirable to legislate, in this Parliament, to repeal the Dock Work Regulation Act of 1976.

I am sending copies of this letter to the Private Secretaries to the other members of E(EA), to David Heyhoe (Lord President's Office) and Richard Hatfield (Cabinet Office).

*Yours sincerely,*

*Michael Scholar*

Barnaby Shaw, Esq.,  
Department of Employment.

*h*

SECRET



Prime Minister

① 17

Please see Mr Tebbit's  
minute (attached).Agree that no legislation  
be brought forward to repealMR SCHOLAR

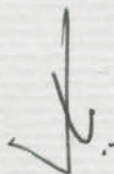
cc Mr Mount

THE 1976 DOCK WORK REGULATION ACT

this Act during this Parliament?

In his note of 25 January, Mr Tebbit proposes not to bring  
forward legislation to repeal the Dockwork Regulation Act 1976  
during this Parliament. MCS 26/1

We have no doubt at all that Mr Tebbit is right. The Prime Minister  
will recall the central conclusion of the Official Group (MISC 78)  
on industrial action in the docks that the only issue likely to  
lead to a national dock strike in the near future would be repeal  
of the 1976 Act. Furthermore, as Mr Tebbit says, there will be  
no immediate practical benefit from repeal. It is of course true  
that we would much rather not have on the books the obligation  
to introduce a new Dock Labour Scheme; but there does not seem to  
be any immediate pressure to deliver on that obligation.


25 January 1983



✓ CC 32



PRIME MINISTER

1976 DOCK WORK REGULATION ACT

When Patrick Jenkin as Chairman of E(EA) minuted you about Ports Policy on 5 August last year he said that around the turn of the year we would need to consider whether to legislate this session to repeal the moribund Dock Work Regulation Act of 1976. A repeal Bill has been drafted and has a place in the programme for this session; but no announcement of intention has been made.

We are all agreed that the Act, which requires me to introduce a new Dock Labour Scheme "as soon as may be" and provides for such a scheme to embrace more ports and more work than the current scheme, must be repealed. We are also agreed that the timing of such a move is all-important. I have now considered this carefully and concluded that we should not proceed with repeal at this stage.

There would be no immediate practical benefit from getting rid of the Act, and doing so would provoke considerable opposition from the dockers. Union and docker reaction might well fall short of a sustained national strike but the consequent deterioration in the industrial relations climate would have other unhelpful repercussions eg on the employers' plans for further severances, on their talks with the unions on the future of the industry and on the National Dock Labour Board's cost cutting programme. These seem unnecessary risks to take this side of an election. Moreover I think to announce repeal now could prejudice the successful flotation of Associated



CONFIDENTIAL



British Ports; and a subsequent announcement in time for legislation this session could attract the criticism that we had withheld material information at the time of the flotation.

I do not therefore propose to bring forward the legislation in this Parliament.

I am copying this to members of E(EA), the Lord President of the Council and Sir Robert Armstrong.

N7

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25 January 1983







SECRETARY OF STATE FOR INDUSTRY

Ind Pol ✓ ce J.V.  
COPY 10 OF 20 COPIES  
Prime Minister (2) 16  
B

Withstanding a Dock Strike

23 are worth looking at.

Plus 29/10

At its meeting on 3 August 1982 the Ministerial Sub-Committee on Economic Affairs considered a report by officials on withstanding a dock strike (E(EA)(82)12th Meeting, Item 2). The Sub-Committee instructed officials to undertake further work relating to the impact of a national dock strike on the steel and chemical industries, the extent to which management, supervisors and volunteers might be able to keep port facilities in operation, the identification in advance of a strike of priority cargoes and the need, if any, for existing plans for Service assistance to be revised.

2. This further work has now been completed, and the outcome is summarised in the attached report from the Official Group on the Docks (MISC 78). The report raises no issues for Ministerial decision, and there therefore seems no need for Ministers to meet to discuss it. But if you or the other Ministers to whom copies of the report are being sent feel that a discussion would be useful, we shall naturally make the necessary arrangements.

3. I am sending a copy of this minute and of the attached report to the Private Secretaries to the Prime Minister, the Home Secretary, the Secretaries of State for Defence and Transport and the members of E(EA), and to Mr Sparrow and Sir Robert Armstrong.

PLG  
P L GREGSON

29 October 1982



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AND PERSONAL

WITHSTANDING A DOCK STRIKE

Note by the Official Group on the Docks (MISC 78)

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INTRODUCTION

1. At its meeting on 3 August 1982 (E(EA)(82)12th Meeting, Item 2) the Ministerial Sub-Committee on Economic Affairs instructed officials:
  - a. to hold confidential discussions with the steel and chemical industries and the relevant port authorities about the impact of a national dock strike on those industries;
  - b. to prepare an assessment of which cargoes it would be most desirable to keep moving through the docks in the event of a national dock strike;
  - c. to hold confidential, detailed discussions with selected port authorities to ascertain the extent to which management and supervisors might be able to keep certain dock facilities in operation without outside assistance, and also the scope for using a small number of volunteers on selected, appropriate tasks; and
  - d. in the light of (a)-(c) and of the food supply position discussed in our previous report, to revise as necessary the plans for Service assistance.

This note reports the outcome of this further work.

The Steel Industry

2. The British Steel Corporation (BSC) depends upon imports of iron ore and coal in particular. At Port Talbot an official strike of the Transport and General Workers Union (TGWU) would halt unloading immediately. Elsewhere members of other unions are also involved in the unloading process, but it is uncertain whether and, if so, how much unloading would take place in the event of a strike by the TGWU. However, even if its port operations were to come to a complete standstill BSC would probably have stocks equivalent to 6-8 weeks production, and in addition consumers and stockholders generally have steel

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AND PERSONAL

stocks equivalent to 12-13 weeks normal consumption of most products. Thus shortages of most steel products are unlikely to arise except in the case of a very protracted national docks dispute.

### The Chemical Industry

3. The most vulnerable aspect of the chemical industry in the event of a national dock strike seems likely to be the export of general chemical products. Imperial Chemical Industries (ICI), which accounts for nearly one-third of the industry, thinks that the export of bulk liquids, which are not handled by registered dock workers, would probably continue uninterrupted, unless a dock strike were to spread to other key groups such as tugboatmen and pilots; but that other exports might be sufficiently disrupted for production to be interrupted within about a week of the start of a national dock strike. ICI thought that most of its imports would probably continue uninterrupted. If, however, this proved not to be the case and imports were blocked then ICI's production would be seriously disrupted within about 3 weeks.

4. The other companies consulted - British Petroleum and Shell - thought that they could probably continue production at normal levels for at least 3-4 weeks during a national dock strike.

5. Companies relying on imported chemicals as inputs would be in difficulty from early in a strike as there has been considerable destocking, and there is little scope in the short term for the domestic chemical industry to substitute for imports.

6. Overall the position is one of some uncertainty. Much would depend on which particular products were affected and on how much advance warning, if any, industry had of an impending strike. The likelihood is that production of chemicals would probably not be seriously constrained by lack of inputs for several weeks, but that it would be reduced within a week as a result of the inability to move exports; and companies relying on imported chemicals would be adversely affected early in a strike.

### THE IDENTIFICATION OF PRIORITY CARGOES

7. Officials have considered carefully the scope for identifying in advance those cargoes whose continued movement during a dock strike would be particularly desirable, but have concluded that to do so would be impracticable. The

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Relationships between industries are now so complex and so poorly understood that it would be virtually impossible, without extensive consultation, to identify in detail how each sector of industry would be affected by a national dock strike, let alone to attach priorities to the imports required by different industrial sectors.

8. The Government's objective is clearly to ensure that as much as possible of the ports system is kept in operation. Insofar as traffic continues to flow without the need for Government intervention, the right approach would clearly be to leave it to industry itself to take maximum advantage of the available capacity; and for individual shippers to set their own priorities. If, however, the Government were to intervene directly by the use of Servicemen to attempt to keep certain facilities in operation (the scope for doing so and the wider implications are discussed in paragraphs 20-22), the Government would probably be expected to seek to ensure that those additional facilities were being most effectively utilised in the national interest. The Government would therefore have to determine priorities for this purpose. It would be for the Department of Transport, in consultation with the other Departments concerned, to consider requests for assistance and the priorities to be attached to them.

#### THE SCOPE FOR USING MANAGEMENT AND SUPERVISORS OR VOLUNTEERS

9. A number of major port employers (including Felixstowe) have been consulted about the scope for using supervisors, managers and volunteers to keep the ports in operation during a national strike. Their views were as follows:

##### Supervisors

10. Few, if any, supervisors would be prepared to do work which was not part of their normal duties. Many of them are former registered dock workers and would therefore be very reluctant to do anything which might be regarded as strike breaking; most belong to either the TGWU or to other trade unions affiliated to the Trades Union Congress, and their unions would almost certainly instruct them not to do the work of dockers.



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Managers

11. Junior managers, many of whom are members of trade unions and some whom are ex-dockers, would probably adopt a broadly similar attitude to the supervisors. Senior management might be more willing to help but the contribution that they could make would be very limited indeed.

12. Even if most supervisors and managers proved willing to co-operate, the contribution that they could make would be small since it is unlikely that they represent much more than 5 per cent of the total port workforce.

Volunteers

13. Formidable logistical problems would be involved in organising volunteers. In order to keep, say, 10 per cent of normal traffic flowing, several thousand volunteers might well be required. They would have to report for duty regularly, if the operation was not to be an embarrassing failure, and often at unsocial hours if a service sufficient to persuade shippers to use strike-bound ports was to be provided. They would face extensive and possibly violent picketing. It would be difficult to provide them with adequate training, since supervisors and junior managers would probably not co-operate. In these circumstances it must be doubtful that shippers would be prepared to allow volunteers to handle their cargo. Much port machinery is now complex and expensive and it would be easy for an inexperienced volunteer to cause extensive and expensive damage. Moreover, cargoes would take much longer to unload than normal, leading to direct financial costs which shippers might be unwilling or unable to bear.

14. Even if these difficult problems could be overcome, the wider implications of using volunteers would have to be weighed very carefully. These are discussed in paragraph 21 below.

15. Overall, therefore, port management think that with the exception of the two areas discussed below management and supervisors would make little if any contribution to the continued operation of the ports during a strike and that the use of volunteers would be impracticable and counter-productive.

16. The two areas where operations might in principle be continued through the efforts of management and volunteers are:-

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- a. roll-on/roll-off (Ro-Ro) operations; and
- b. grain terminals.

Ro-Ro Traffic

17. Overall about 55 per cent of road goods vehicles carried on Ro-Ro services between the UK and Europe are accompanied by their drivers. But the proportion depends on the length of the crossing. On the North Sea route to Scandinavia, Germany and the Low Countries the proportion is about 24 per cent, whereas on services across the Dover Straits the percentage rises to about 80 per cent. The other 45 per cent of Ro-Ro traffic consists of vehicle trailers which are not accompanied by their drivers and therefore normally have to be manoeuvred on and off ship by special tractors operated by dockers. In principle, management and volunteers qualified to drive heavy goods vehicles could do this, but in practice the best approach during a strike might be for port employers to insist that only accompanied vehicles are loaded onto ships; it would then be for industry to decide whether the cargoes which would normally travel unaccompanied were sufficiently important to be accompanied by a driver.

18. It is difficult to estimate what proportion of Ro-Ro traffic might succeed in getting through during a strike. At some ports dockers are responsible for mooring the ships and getting the unloading ramps into position. In principle this is a task which management and volunteers could do, but in practice at busy Ro-Ro ports such as Dover they would be most unlikely to succeed in keeping more than one berth open in the face of vigorous union support for the strike. Moreover, some drivers might be deterred by picketing, which would probably occur at the main Ro-Ro ports. On the other hand, there is a large and growing number of Ro-Ro terminals at the smaller ports around the East and South coasts, to which traffic normally destined for the main Ro-Ro ports could and probably would divert. Overall, there seems to be a reasonable chance that a significant proportion of normal Ro-Ro traffic would succeed in getting through, although serious delays could arise. It would seem a reasonable speculation that the available facilities would tend to be utilised by the most important cargoes, since relatively unimportant deliveries would tend to be deterred by the costs involved in delay and in diversion to other ports.



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### Grain Terminals

19. The large grain handling facilities such as those at London and Liverpool are highly automated and could continue to be operated by management. But volunteers would be required to do the unskilled work of sweeping the grain in the ships. About 15 men per shift, for two shifts each day, would be required at London and Liverpool with smaller numbers required at the less-important facilities. However, since stocks of wheat outside the ports are always sufficient for at least 12 weeks normal consumption and are very much larger immediately after the harvest, there may be no urgent need for the grain terminals to be kept in operation.

### MILITARY PLANS FOR THE USE OF SERVICEMEN

20. The existing military contingency plans provide for a number of general-purpose teams trained in the skills required for port operations and some specialist teams to deal with tug and lockgate operations. The objective of these plans is to maximise flexibility. In the light of our earlier comments about the severe difficulty of identifying priority cargoes in advance of a strike, officials think that a flexible approach is broadly correct and that the military contingency plans do not therefore require substantial revision. The Ministry of Defence and the Department of Transport will keep the plans under regular review to ensure that they could be put into operation quickly once a strike began.

### THE CONSEQUENCES OF USING VOLUNTEERS OR SERVICEMEN

21. Overall, although some sectors of the economy would be severely affected by a national dock strike, deliveries of some particularly important cargoes, such as oil, seem likely to continue; food supplies would not be a problem, except possibly in the Islands; and a significant proportion of Ro-Ro traffic might succeed in getting through. Attempts to organise volunteers or the use of Servicemen could, however, put this situation at risk by provoking more widespread industrial action. In particular, key groups such as tugboatmen, mooring gangs and lockgate operators might well decide to participate in a national dock strike with potentially serious consequences. Tugs are required for berthing most large ships at all major ports except Dover. If tugboatmen were to strike, small ships might continue to operate, provided that the ship's master had a pilot's ticket for the port. But few medium and large ships would be able to berth, thus seriously disrupting supplies of oil and bulk chemicals. About half the major ports have most or

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all of their berths locked. If these were to be put out of action as a result of a strike by lockgate keepers, shipping movements would come to a standstill.

22. There is no prospect that management or volunteers could replace these key staff. The specialist Service teams might well succeed in providing a limited service to permit the unloading of particularly vital cargoes, but in the event of a national strike by tugboatmen and lockgate keepers, their contribution would be very limited.

#### CONCLUSIONS

23. Our conclusions may be summarised as follows:-

- a. Steel production could probably continue for at least 6-8 weeks and the stocks held by consumers and stockholders would be sufficient for a further 12-13 weeks.
- b. Production of chemicals would probably not be seriously constrained by a shortage of inputs for several weeks. However, inability to export would probably lead to a reduction in output within about a week. Companies relying on imported chemicals as their inputs would be affected early in a dock strike.
- c. Although a national dock strike would seriously affect some sectors of the economy, deliveries of some particularly important cargoes, such as oil and bulk chemicals, seem likely to continue; food would not be a problem, except possibly in the Islands; and there seems a reasonable chance of a significant proportion of normal Ro-Ro traffic getting through.
- d. It is impracticable to identify priority cargoes in advance. It would be best left to industry to decide how to take maximum advantage of those facilities which would remain in operation during a strike without Government assistance. If Servicemen were to be called on to provide additional port capacity, the Government might be expected to ensure that this was most effectively utilised in the national interest. It would be for the Department of Transport to take the lead in determining priorities for the use of any such extra capacity.

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- e. It seems unlikely that management and supervisors would be willing or able to make much contribution to the continuation of port operations during a national strike; and the use of Servicemen or volunteers (which would raise formidable logistical problems) could well result in the strike spreading to key groups, who otherwise might be expected to continue to work normally, thus jeopardising the continued traffic described at c. above. If despite the risks Servicemen were to be deployed, the flexible basis on which the existing contingency plans have been drawn up seems the best approach.

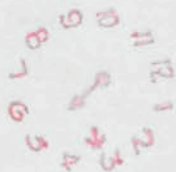
Cabinet Office  
29 October 1982

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Ind Pol : Action in PRTs P42



29 OCT 1982





10 DOWNING STREET

*From the Private Secretary*

13 August, 1982

Ports Policy

The Prime Minister has noted without comment your Secretary of State's minute of 5 August, in which he reported the conclusions of E(EA) on the Interdepartmental Review of Ports Policy.

I am copying this to Richard Hatfield (Cabinet Office).

W. F. S. RICKETT

Jonathan Spencer, Esq.,  
Department of Industry

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Letter to JS.

2

PRIME MINISTER

The last meeting of E(EA) agreed that Patrick Jenkin should report to you on their discussion on ports policy, which concluded that there should not be an inquiry into the Dock Labour Scheme. Mr. Jenkin's minute is attached. You will be familiar with most of it, since you have already seen the minutes of the meeting.

I understand that the reference in those minutes to the risk of a national dock strike was meant only to reflect the fact that Ministers will face decisions at the turn of the year on the repeal of the 1976 Act, and possibly on proposals from the TGWU for the extension of the Scheme, and that both of these issues could conceivably lead to action at national level.

LM      ant.

9 August 1982





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15 of 30

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Prime Minister

PRIME MINISTER

PORTS POLICY

*You have already seen the minutes of this E(EA) discussion, which concluded that there should not be an inquiry into the Dock Labour Scheme.*

*I understand that the reference in those minutes to the risk of a national dock strike*

The Ministerial Sub-Committee on Economic Affairs yesterday discussed (E(EA)82)12 Meeting, item 2) the Interdepartmental Review of Ports Policy circulated by the Secretary of State for Transport under cover of his letter of 30 June and the report by the Official Group (MISC 78) on Industrial Action in the Docks (E(EA)(82)22).

2 The Sub-Committee unanimously endorsed both reports subject to certain points raised in discussion. In particular the scope for further privatisation following the BTDB sale will be explored as part of the general exercise under E(DL) auspices commissioned in your personal minute (M6/82) to the Chancellor of the Exchequer of 28 July. We have also authorised officials to put in hand as quickly as possible confidential studies in consultation with the steel and chemical industries and certain port authorities to provide more precise information about the effect of a national dock strike on those two industries, and also to explore how far certain port facilities might be kept in operation by management and supervisory personnel and by a small number of volunteers for selected tasks.





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3 Our discussion was however centred mainly on the Government's strategy in relation to the National Dock Labour Scheme on which you will have seen letters from the Secretaries of State for Employment (9 July) and Trade (12 July). We are all agreed that the dock labour regime is undesirable and that we should like to see an end to it. We are also agreed that an outright attack on the National Dock Labour Scheme is one of the issues most likely to provoke a national dock strike and that the Government ought not to precipitate such a strike without very good reason. There are already some issues which will require careful handling over the next six months or so - the proposals which the TGWU will probably be making later this year for extension of the 1967 Scheme, and the question, which we shall need to consider around the turn of the year, of whether to legislate in the 1982/83 Session to repeal the moribund 1976 Act.

4 Against this background we concluded that the right approach was to continue the present holding strategy in relation to the National Dock Labour Scheme - to avoid making a direct attack on the existing 1967 Scheme, while avoiding any significant extensions to that Scheme or the introduction of a new and extended scheme under the 1976 Act. We therefore ruled out an independent inquiry into the dock labour regime as proposed by the General Council of British Shipping and the CBI. Quite apart from the increased risk of a national dock strike, we felt that such an inquiry would not be the best way of achieving our





SECRET

objective of changing the dock labour regime. An inquiry is not needed to demonstrate that the labour regime is unsatisfactory; what we need is action to change the situation and that is a task primarily for port employers, under market pressures, to pursue with the unions. Remarkable manpower reductions have been achieved in recent years under the severance schemes and more are in prospect over the next couple of years. This should provide the port employers with the prospect of negotiating a more normal labour regime in the docks. We concluded that it was best to keep up the pressure in that direction rather than set up an inquiry which might at best tell us what we already know and might at worst lead to proposals for more Government involvement, both statutorily and financially, in the labour problems of the ports.

5 I am sending copies of this minute to the Home Secretary, the Secretaries of State for Defence, the Environment, Scotland, Wales, Transport, Energy, Employment and Trade, the Minister of Agriculture, The Chief Secretary, Treasury, Mr Sparrow and Sir Robert Armstrong.

PJ

P J

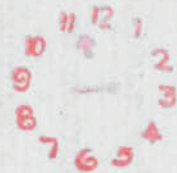
5 August 1982

Department of Industry  
Ashdown House  
123 Victoria Street





E9 AUG 1982



Faint, illegible text covering the majority of the page, likely bleed-through from the reverse side.



SECRET

5 August 1982

Mr. WJ  
Ind. Pol. WJ  
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Prime minister 2

MR RICKETT

Mr Jenkin will be minuting you on E(EA) conclusions, but you may wish to see him over the weekend.

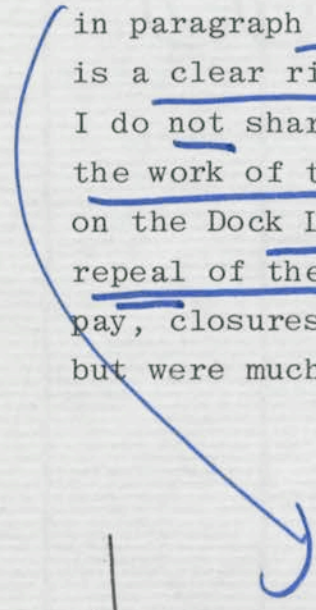
cc Mr Mount

WJ G/S

PORTS POLICY

Thank you for showing me the LCA of the E(EA) discussion on Tuesday. I have talked to the secretariat: their understanding is that Lord Cockfield does not dissent from the conclusion that there should not be an inquiry into the Docks Labour Scheme. In the light of that, which I am sure is the right decision, I do not think there is anything in the decisions of E(EA) from which the Prime Minister should dissent. In particular, I note that the strategy proposed by the official group which has been looking at the prospects for industrial action in the docks is endorsed, which means that in due course Mr Tebbit will make proposals about whether to proceed with the repeal of the 1976 Act. There can be little doubt that we should not so proceed, but the Department of Employment is anxious that the decision should be put off for as long as possible.

The Prime Minister may, however, express concern about the assessment in paragraph (b) on page 3 of the record, to the effect that there is a clear risk of a national dock strike during the coming year. I do not share that conclusion, nor do I think it is justified by the work of the official group. We concluded that only an attack on the Dock Labour Scheme itself, such as would be implied by a repeal of the 1976 Act, was likely to lead to a national strike - pay, closures or redundancies could well lead to industrial action, but were much less likely to have an impact on a national scale.



yes - - I agree

mt.

J.R.

January repeal  
Extension of scheme  
extension to January  
number of stages  
if they think in circumstances

SECRET





ck sv  
Prime Minister ② 10

Mus 26/7

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Patrick Jenkin MP  
 Secretary of State  
 Department of Industry  
 Ashdown House  
 123 Victoria Street  
 London SW1E 6RB

M

23 July 1982

D Patrick,

REPORT OF THE INTERDEPARTMENTAL REVIEW OF PORTS POLICY

David Howell's letter to you of 30 June asks for comments on this Report.

I agree that it provides a useful insight in the ports industry and that its recommendations provide a helpful framework within which to take forward individual issues of ports policy.

On the question of the future of the Dock Labour Scheme - and the parallel non-statutory agreements which regulate working practices in the industry - I am convinced that these do act as constraints on the more efficient operation of the ports industry in general and have been an important factor holding back our attempts to rationalise the PLA and MDHC. We should therefore aim for a labour regime in the ports closer to that operating in other industries. But like Norman Tebbit I see real risks in Government intervention to put this house in order, at least until the present manpower surplus has been eliminated. If the remaining issues on the report can be settled in correspondence, there may be a case for holding over this issue for discussion on some suitable occasion.

On the other issues raised in the Report, I very much welcome the continuing work to be done on ports at risk. I hope that this, together with the criteria for assessing such cases, will make for more timely action to prevent future cases like those of PLA and MDHC.

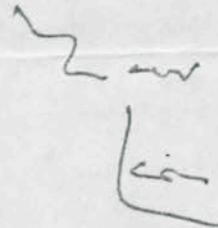
The Report notes the switch that has occurred in the ports' sources of finance over the past three years from the NLF to the banks. David Howell proposes to formalise this change by requiring ports to look to the market for their funds in the first instance and to the NLF only as a last resort in exceptional cases. I fully understand his reasons for suggesting this. However you and he



will be aware from our recent announcement that we are trying to offer nationalised industries and local authorities sufficiently flexible facilities from the NLF to encourage them to switch away from bank borrowing in order to reduce the increase in bank borrowing and hence our problems in meeting monetary targets. At present our plans do not extend beyond the major public sector borrowers but we might want to extend the new arrangements in the future. In these circumstances the wisest course would seem to be to make no explicit change of policy on this point. We would then be free to offer alternative NLF terms to the public sector ports if this seemed helpful.

Finally, there is the question of privatisation on which the Report is frankly disappointing. Of course there are legal and statutory problems but these do not seem insurmountable. And as David points out BTDB and Sealink should have shown the way forward before the end of this financial year. I therefore question strongly the need to wait "a few years" before reviewing the position. As soon as either BTDB or Sealink has been successfully sold, I believe that officials should consider the case for privatising a number of major public trust ports, either individually or by taking omnibus permissive powers.

I am copying this letter to the recipients of yours.



LEON BRITTAN



26 JUL 1982

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SECRET

Prime Minister

(2) Told Red  
cc JV  
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P.0819

MR SCHOLAR

*Handwritten squiggle*

To note that you will  
be consulted about ports policy  
/ Dock Labour Scheme somewhat  
later than earlier envisaged. I

STUDY OF INDUSTRIAL ACTION IN THE DOCKS

suspect that you will want to have

The Prime Minister agreed (your minute of 12 May to Mr Wright) that there should be an Official Group in the MISC series under Cabinet Office chairmanship to carry out a study relating to industrial action in the docks. The Group (MISC 78) is now completing this work, and its report should be available for submission to the Prime Minister and other Ministers concerned towards the end of next week.

2. The MISC 78 Report is complementary to the Interdepartmental Review of Ports Policy which the Secretary of State for Transport sent to the Secretary of State for Industry, as Chairman of E(EA), with copies to the Prime Minister and E(EA) members on 30 June. It is very relevant to one of the main issues raised by the Review, ie the Government's tactics in relation to the National Dock Labour Scheme about which both the Secretary of State for Employment and the Secretary of State for Trade have commented in their letters of 9 and 12 July respectively.

3. It therefore seems sensible that the MISC 78 report and the Interdepartmental Review of Ports Policy should be taken together at a meeting of E(EA) which we are trying to arrange for Tuesday 3 August. I should be grateful if you would confirm that the Prime Minister sees no difficulty about this. I should of course ensure that E(EA)'s discussion and conclusions were reported to the Prime Minister, and she would have an opportunity to intervene at that stage, if she wished to do so.

*PLG*

P L GREGSON

*I.C.F. 2. PA*

22 July 1982

Note  
Told Mr Gregson Prime  
Minister content.

*MCS 20/7*

SECRET

a word with Mr Tesbit  
and Mr Howell on the  
important political points  
after the E(EA) discussion  
(which will be detailed) has taken place.  
MCS 23/7





22 JUL 1982



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SECRET





From the  
Minister of State

Norman Lamont MP

The Rt Hon David Howell MP  
Secretary of State for Transport  
Department of Transport  
2 Marsham St  
London  
SW1P 3EB

DEPARTMENT OF INDUSTRY  
ASHDOWN HOUSE  
123 VICTORIA STREET  
LONDON SW1E 6RB  
TELEPHONE DIRECT LINE 01-212 5902  
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cc J.V. *Ind P*  
Prime Minister (2)

Mes 13/7

13 July 1982

*mt*

*Dear David*

INTERDEPARTMENTAL REVIEW OF PORTS POLICY

Your letter of 30 June 1982 to Patrick Jenkin invited comments on this Report.

I welcome it as a valuable framework for ports policy and am in broad agreement with its recommendations. The most difficult question is of course the future of the Dock Labour Scheme. While sympathetic to the shippers' arguments for an early inquiry, I also see the value of avoiding potential disruption to the progress on manning and working practices already being made. The Report serves a valuable purpose in highlighting the advantages and disadvantages of such a course; if we did decide to go for an early inquiry, we would clearly need to consider carefully the possible consequences and their industrial effects.

Other aspects I welcome are the formalisation of the "lender of last resort" principle in relation to your loan powers and the framework delineated for the future consideration of dock "rescue" cases. Apart from the usual questions of viability and practicability, I am keen that every effort should be made on such occasions to take account of industrial and especially regional consequences. The collation in advance of the necessary information for the ports most at risk is clearly a sensible precaution, no doubt your Regional Offices will be in touch with ours in the course of this exercise.

I am copying this letter to the recipients of yours.

*Yours*

NORMAN LAMONT

*Norman*



13 JUL 1982

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From the Secretary of State

KSU

Prime Minister

2

A powerful intervention,  
against Mr Tebbit and others,  
in favor of an enquiry into  
the dock labour regime.

The issue is for discussion  
later this month and you  
will be consulted.

CONFIDENTIAL

The Rt Hon Patrick Jenkin MP  
Secretary of State for Industry  
Department of Industry  
Ashdown House  
123 Victoria Street  
London SW1

To W Mr Gwynn,  
Chairman MSC 78 MSC 197

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with  
with Lord Goddard  
to after  
MS

July 1982

MS 12/7

Dear Patrick,

REPORT OF THE INTERDEPARTMENTAL REVIEW OF PORTS POLICY

David Howell's letter of 30 June to you invites colleagues' reaction to this report.

In my view, although the report is critical of the efficiency  
of our ports, it fails to bring out either how very far their  
performance falls short of that of their Continental rivals,  
or the serious implications for our trade and the even graver  
implications for our shipping if this continues. Moreover, it  
is evidently common ground that the main impediment to the  
necessary improvement is the peculiar labour regime in the  
docks. It is for these reasons that I consider it essential  
that we should launch a searching enquiry into the dock labour  
regime.

British exporters are understandably concerned that it costs  
more to ship goods from Britain than it does to ship the same  
goods to the same destinations from the Continent, even in the  
same ships. My Department's investigations indicate that in





*From the Secretary of State*

many trades it costs about 15-20% more, and it is clear that higher port costs are responsible for a major part of this disparity. Many British exporters are unable to bear this cost penalty, and export business is lost as a result. Part of the higher costs arise because ships take about twice as long to turn around in British ports than in Continental ones.

But the risk of disputes also forces the owners of some ships to conclude that they cannot take the risk of scheduling calls at British ports, so that British cargoes are transhipped in Continental ports. The long-run danger that worries me most is that this trend will slowly become a general one, and that British shipping lines will be compelled for commercial reasons to follow it. If this happened, British deep-sea liner shipping could eventually be reduced to relying almost entirely on cross-trade business: and such a development would raise doubts about whether it had a long term future.

It is not surprising that, faced with this prospect, the General Council of British Shipping, with the support of the CBI, have proposed an independent enquiry, in the hope that this may lead to a way out. I believe we should support them. The enquiry should, I believe, be asked to examine the effects of the dock labour regime on the efficiency of British ports as compared with their counterparts on the Continent, and hence on the costs of British trade; the economic consequences in terms of lost business, and lost jobs in other industries; and whether it is still necessary or desirable to maintain a legal regime for employment in the docks which is different from that for other workers. It might be asked to recommend remedies which would safeguard our commercial future while honouring commitments to individual dockworkers. I would suggest that it be chaired by an economist of standing.





*From the Secretary of State*

I do not believe that the establishment of such an enquiry would provoke a strike, though I recognise that the implementation of its recommendations might do so. Whether to run that risk would have to be decided at the time. But even if we decided not to do so, the severe ill-effects of the present regime on the interests of other workers would be on the public record, and the TGWU would be left facing the consequences for its standing in the eyes of the public.

I accept of course that if we agreed to establish such an enquiry we should need to give careful thought to the timing of its announcement. I would not be opposed to some limited delay in going public if it was clear that this would facilitate a batch of further severances. But I think we should set a firm timetable, because we cannot put off grasping this nettle indefinitely. You may consider the matter to merit collective consideration in E(EA).

I am sending copies of this letter to the Prime Minister, the other members of E(EA) to Sir Robert Armstrong and to John Sparrow.

LORD COCKFIELD



12 JUL 1982

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7 6 5 4





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Rt Hon Patrick Jenkin MP  
Secretary of State  
Department of Industry  
Ashdown House  
123 Victoria Street  
LONDON SW1

Ind. Pol. C & J. V.

Prime Minister (2)

Mr Tebbit, tw,

argues against an  
attack on the Dock  
Labour Scheme now.

9 July 1982 Mus 9/7

*D. Palmer*

I have seen a copy of David Howell's letter of 30 June sending you the report of the confidential interdepartmental review of ports policy.

I am generally content with its diagnosis and the importance it attaches to the manpower problems of the industry. The conclusion that we should seek to facilitate the industry's severance programme is surely right. I understand that the financial help we announced at Easter is proving invaluable in this respect.

I also agree that we should aim for a labour regime in the ports more like that operating in other industries, and that the Dock Labour Scheme is a constraint on this. I agree with you though that the group have produced telling arguments against the suggestion that there should be an independent inquiry into the Scheme. Such an Inquiry would offer militants an opportunity to harden dock workers attitudes and put at risk the severance programme, the National Dock Labour Board's cost cutting re-organisation programme and the tentative endeavours of the port employers to see if they can secure an industrial agreement which would give them enough flexibility to make the statutory arrangements increasingly irrelevant. That is not a completely clinching argument against an inquiry. Even more dangerous is the possibility that it could produce quite the opposite answer from that which we would want. As the group points out most of our main international competitors maintain special regimes for employment in the ports industry. Unless its members were carefully selected (and there would be pressure for "independent" members an inquiry might let itself be convinced that there are technical and operational reasons for this. If the Government





set up such an inquiry it would fall to us to implement or reject its recommendations. Rather than risk being saddled with another disaster like Jones/Aldington we should continue with the strategy of getting the industry itself to accept responsibility for finding its own way forward within the constraints which they and we understand.

Like you I hope we can settle this matter in correspondence, and am copying this to the Prime Minister, the other members of E(EA), to Sir Robert Armstrong and to John Sparrow.

*J. Norman*



19 JUL 1982

18 09 11 12 13



Prime Minister  
MR. SCHOLAR

cc Mr. Walters

THE PORTS POLICY REVIEW

I do not think the Prime Minister need look in any detail at the interdepartmental Review of Ports Policy, circulated to E(EA) under cover of Mr. Howell's letter of 30 June to Mr. Jenkin. But the Prime Minister may like to be aware of the first reactions of Ferdie Mount who has been through it; and of its relationship to the work that is being undertaken in MISC 78 on possible industrial action in the docks.

Ferdie Mount's reactions are these:

(1) It is a well thought out and well argued report, and there is little to quarrel with in the recommendations.

(2) The report demonstrates how Britain's ports have managed to adapt to modern techniques with very little Government subsidy, showing both that Government investment is not always essential to finance industrial infrastructure, and that fresh entrants into the industry (Felixstowe) make a major contribution to the pressure for modernisation elsewhere.

(3) We may have a long way to go before we can rival Rotterdam, but we have adapted to the container revolution and we have shed three-quarters of the docks labour force with only modest help from the taxpayer. If the railways had been left in an equally diverse condition and had not been nationalised, perhaps they would have adapted similarly.

(4) It would be foolish to interfere with the Dock Labour Scheme at this stage. It has already coped with a massive reduction in the number of dockers and an inquiry into its working is more likely to step up resistance than to improve it: the main thing is to ensure that it is not extended.

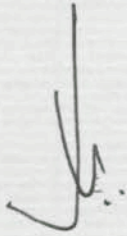
/ Mr. Howell



Mr. Howell endorses the view of the majority of the group that we should leave the Dock Labour Scheme alone, but he refers to "nearer the time of the announcement of our intention to repeal the Dock Work Regulation Act 1976". The Prime Minister should know that MISC 78 has identified such an announcement as being the single most likely cause of widespread industrial action in the docks. Although it would remove the rather uncomfortable statutory duty to extend the scheme, it would be bound to draw attention to the issue in a far more provocative way than mere inaction. It may be that MISC 78 will recommend that it will be better to continue to do nothing to implement the 1976 Act, and to let the process of rationalisation in the docks proceed on the basis of avoiding confrontation and providing for voluntary redundancies.

I doubt if the Prime Minister needs to intervene in the correspondence about the review, since it will no doubt come up for discussion in E (EA) in due course.

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2 July 1982





1

10 DOWNING STREET CF. P.A.

Prime Minister

Ports policy review

Note Told

PG and

J Spence of

these conclusions

1. Mr Howell recommends that Mrs S/7

(i) we do not now launch an attack on the Dock Labour Scheme;

(ii) he tend to ports only as a lender of last resort;

(iii) he press ahead with privatising BTDB and the Sealink ports only at this stage.

2. Ferdinand Mount endorses all this (Flag A)

3. There is a lot of pretty woolly stuff



in these papers.

4. The only really important point is on the Dock Labour Scheme. MISC 78 is working on that, and will come up with recommendations in 2-3 weeks. You will be consulted about that then.

5. On this basis, content to leave this report to E(EA) colleagues?

MUS 2/7

Yes  
no



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cf JV



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01-212 3434

The Rt Hon Patrick Jenkin MP  
Secretary of State for Industry  
Department of Industry  
Ashdown House  
123 Victoria Street  
LONDON SW1

30 June 1982

*De Patrick*

REPORT OF THE INTERDEPARTMENTAL REVIEW OF PORTS POLICY

Last October, E(EA) invited me to arrange for my officials, in consultation with the other Departments concerned and with the Central Policy Review Staff, to conduct a confidential review of ports policy, taking account in particular of the scope for further privatisation (E(EA)81<sup>PT 1</sup> 12th Meeting, Conclusion 2(ii)). The Group of officials set up for this purpose has now completed this review, and a copy of their report is attached.

The report includes (in Part II), for the first time, a useful summary of the Government's current objectives and policies for the ports industry and I commend paragraphs 2.2 and 2.3. It generally confirms our diagnosis in E(EA) last autumn that the two main weaknesses of the port industry are surplus manpower and the overall labour regime. It concludes, rightly in my view, that our current objectives and policies are already well tuned to deal with the problems ahead.

The other main points in the report's conclusions to which I would draw your attention are:-

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### The Reduction of Surplus Labour

This, and the improvement of efficiency generally, must be the industry's first priority over the next few years. This will be essential to the recovery of the PLA and the Mersey Docks and Harbour Company, and to ensure the viability of other ports which are at risk of getting into financial difficulties. Over 4,000 severances of registered dock workers (and parallel savings among non-rdws) will be needed within the next three or four years. The latest severance offer has enabled us to make a good start on this; about 2,500 rdws will have left the industry by the end of this summer.

### The Dock Labour Scheme

Whilst this is undoubtedly an important impediment to reducing costs and improving the ports' performance, the scheme itself is not seen as either the only or the main obstacle. This is because much is regulated by non-statutory agreements which are quite separate from the scheme. The labour regime in the ports certainly needs to be brought closer into line with that in other industries; but most of the Group believe that it would be mistaken, at this stage, for us to launch an attack on the scheme or on the Aldington-Jones agreement. To do so, in their view, would put at serious risk the vital manpower severance programme and the progress the industry is making to improve working practices and slim down the Dock Labour Board. So they recommend, with the Department of Trade dissenting, against an inquiry into the scheme of the kind for which the General Council of British Shipping have been pressing. The Department of Trade has taken the view that nearer the time of the announcement of our intention to repeal the Dock Work Regulation Act 1976 we should consider whether the time might also be appropriate to announce an inquiry into the scheme. I do not believe that circumstances are likely to change significantly over the next few months and I share the view of the majority on the Group that we should leave the scheme alone at this stage.

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Government Loans to Ports

The retention of my powers to make loans to ports is recommended, but for use only as lender of last resort in exceptional circumstances. Ports should be firmly required to look to the market for loan finance as a general rule. I have, in fact, been pursuing this policy since I became Secretary of State for Transport.

Applications for Government Grant

An important reason for setting up the review was to provide a proper framework for reaching decisions in future on financial assistance to individual ports. The report as a whole will certainly be helpful in this context; and it also includes specific criteria for evaluating grant applications (paragraph 4.6(d)). I accept that these are appropriate for the purpose and, if colleagues agree, I will arrange for my officials to maintain, for each of the ports most at risk, the information to enable applications for grant to be dealt with quickly should the need arise.

Ports most at risk

The Clyde, Manchester and Bristol are the ports currently at most risk of financial difficulties. The Clyde and Manchester should be able to overcome their difficulties provided the major rationalisation programmes on which they are already engaged are successfully completed, and the Clyde gets over its short-term cash flow problems. Bristol will remain in heavy deficit for the foreseeable future, but I entirely agree with the report that Bristol is, and should firmly remain, the financial responsibility of the City Council.

The scope for further privatisation

The report points out that because all commercial ports are statutory creations they cannot be regarded as wholly



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commercial bodies just like private firms. The scope for privatisation is generally limited to the introduction of share capital and attracting the private sector into port operations, like cargo handling. Investors are unlikely to regard ports generally as an attractive proposition until the industry has dealt with its manpower surplus and improved its productivity and industrial relations. The market may become more interested in ports if the BTDB and Sealink privatisations are successful, and I am pressing ahead with these. The report recommends that we should keep an open mind about the feasibility of a more extensive programme for the privatisation of port authorities and review the prospects again in a few years time in the light of developments in the meantime.

This is a disappointing conclusion. My own view is that we should certainly keep our minds open to the sale of ports to individual buyers. But I believe it is also important to do this in a way which avoids prejudicing the privatization of BTDB and the Sealink ports. In my view, we should get these two sales ahead as a precursor to further privatization plans.

#### Secondary Issues

I need comment on only two further secondary issues considered in the report:-

First the British Ports Association will shortly be submitting a progress report to me on their activities and plans following the abolition of the National Ports Council and the extension of the BPA's role. I will be pursuing the Association in particular on ways in which productivity in the ports can be further improved. I attach high importance to this.

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Secondly, the standard of management in the ports industry and the quality of the managers themselves is patchy and needs improvement. I shall also be looking to the BPA for effective proposals to improve the recruitment and training of port managers, particularly at middle-management levels. We know that they are already making progress with their plans.

I hope that you and our colleagues in E(EA) will share my views that this is a useful report, and that we can perhaps agree that its recommendations are sound and generally acceptable without the need for discussion. Any comments on specific points could be dealt with in correspondence or perhaps bilateral discussion. I recognise however that there may be different views on the question of an inquiry into the Dock Labour Scheme.

I am sending copies of this letter and the report to the Prime Minister, the other members of E(EA), to Sir Robert Armstrong and to John Sparrow.

*Yours  
David*

DAVID HOWELL

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## THE PORTS POLICY REVIEW

### PART I - SETTING THE SCENE

#### A. The Ports Industry

1.1. "The Ports Industry" is a convenient piece of short-hand. But it disguises the fact that the ports are no more homogeneous than, say, the "retailing industry". Like shops, ports vary enormously in size, in the work they do, and in the way they are constituted. The next four paragraphs illustrate these important differences.

1.2. Britain has no shortage of ports. But many are little more than havens for small craft or serve the needs of tourism and recreation. Of our 300 or so ports, not more than 100 are of any commercial significance and even some of those are so small as to be negligible. In 1980, the 20 main commercial ports listed in Annex B handled 83% of total tonnage and 67% of non-petroleum tonnage. Some ports specialise in containers and roll on/roll off traffic (e.g. Felixstowe and Dover). Others, such as Milford Haven, specialise in oil traffic and handle hardly anything else. Some are heavily dependent on local traditional cargoes (e.g. Sunderland on coal and Teignmouth on clay). While yet others handle almost the whole spectrum of commodities from bulks, through containers to general cargo (e.g. the PLA and the Clyde).

1.3. Shareholders own a few ports. Nationalised industries will continue to own others until they are privatised. But the majority of port authorities are "trusts", appointed to run the port under statute in the interests of users and the community. The Secretary of State appoints all the members of a few trusts, some of the members of others and none of the members of most trusts. Some authorities have no more than conservancy functions (e.g. the Harwich Harbour Conservancy Board). Others are mainly dock owners and cargo handlers (e.g. Ipswich), while yet others provide the full range of services (e.g. the Forth and Tees and Hartlepool).

1.4. To complicate the picture still further, the labour arrangements also vary. The Dock Labour Scheme applies to most of the major ports but excludes others, largely for historical reasons: for example

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Felixstowe is not a Scheme port but Ipswich, next door, is. Moreover, the unions and employers have made many local agreements over the years which provide for different practices (e.g. on manning levels) both between ports and even between different parts of the same port. In most places, the TGWU is the dominant union but in others it is the GMWU or the NUR.

1.5. Increasingly over the last 10 to 15 years, cargo handling has been done by the port authority (the reasons for this are discussed in paragraph 3.40). But there are still ports - including some of the biggest - where private firms of stevedores handle significant amounts of traffic. And in many ports the users handle at least some of their own traffic, oil being the outstanding example.

1.6. Paragraphs 1.2-1.5 are intended to demonstrate two key points:

- (a) the danger of generalising about "the ports industry";
- (b) the need to analyse the particular circumstances of the individual port when problems arise or policies are being applied.

## Main Common Features

1.7. But there are, of course, important features which the commercial ports have in common. Principally, they are:

- (a) The commercial ports are in **tough** competition with each other.
- (b) The authorities are creatures of statute and cannot, therefore, cease trading in the same way as ordinary commercial enterprises.
- (c) The PLA and the Mersey apart, ports are not subsidised by central Government (although their continental competitors are) and, increasingly, they have opted to borrow from private rather than governmental sources.



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- (d) With a few notable exceptions, productivity in British ports is lower than in continental ports; despite some notable advances recently, there is still a lot of scope for improvement in the ports' working practices and industrial relations.
- (e) The ports have had to adjust to the dramatic changes of the last 10 to 15 years. As a result of our entry to the EEC, the exploitation of North Sea Oil and the rapid and continuous growth of containerisation, traffic has shifted from the west to the east and south coast ports on a massive scale. Half of the 20 main commercial ports listed in Annex B owe their present importance to the post-war period, and 4 of them are entirely new in this period.
- (f) The ports have shed 63% of their registered dock workers between 1969-81 (from 54,000 to 18,000) and over 45% of their non-registered dock workers. During the next 3 or 4 years, a further major contraction will be required - over 4,000 rdws, with parallel savings among non-rdws.

### The Statutory Framework

1.8. The operators of a port need powers which are not available to a private individual or Companies Act company; examples include powers to regulate use of the navigation or to construct works below high water mark that will obstruct the navigation. These powers can be granted only by Parliament (by public general Acts, private Acts or subordinate legislation). With these rights also go certain obligations. The precise rights and duties vary depending on the local circumstances and the terms of the port authority's private Acts and orders. But one consequence of the statutory basis of all port authorities is that they may not cease operations entirely without first obtaining legislative authority releasing them from their responsibilities.

1.9. This is not just a point of law; it is of practical importance. Some port authorities discharge essential land drainage or coast protection functions. Those functions will need to continue to be discharged even if the port ceases to operate; so new provision



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will have to be made. To take another example, although a port may cease to operate, the river or estuary on which it stands will probably continue to be navigated (e.g. by pleasure craft) and new provision/be needed to determine who will be responsible for the maintenance of the navigation and the regulation of its use. And if someone else wants to come in and operate all or some of the port, the necessary powers will need to be transferred to him.

1.10. It should not be inferred from this that port authorities (other than nationalised industry ports) are directly or even indirectly answerable to Ministers\*or that they should all be subjected to Governmental monitoring and control. They are not "quangos". The non-nationalised industry ports are independent bodies given statutory responsibility for providing a public service on commercial terms. (\* Indeed, as Annex C indicates, the Secretary of State for Transport has comparatively few statutory powers in respect of ports.)

1.11. Port authorities are of four constitutional types:

- (a) Local Authority Ports, such as Bristol, Sullom Voe and Sunderland - port management in these cases is directly answerable to the Council in the same way as the chief officers of the Council's other services.
- (b) Statutory Companies, such as Felixstowe, the Manchester Ship Canal Company and the Mersey Docks and Harbour Company - the ports are owned by the shareholders, to whom the directors of the port are accountable.
- (c) Nationalised Industries - these comprise <sup>mainly</sup> the BTDB and Sealink seaports, which are to be privatised as soon as possible. Meantime, they remain subject to the same general regime of Government supervision and control as applies to nationalised industries generally.
- (d) "Trust Ports" - these comprise most port authorities, including the PLA, the Forth, the Clyde, Dover and Tees and Hartlepool. They are ad hoc bodies created by or under statute for the purpose of managing a port and they do not have share capital. The Secretary of State for Transport appoints all or some of the members of only 28 "trust" boards. The members of all other trusts are appointed or



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elected locally by port users and other local interests.

## The Functions of Port Authorities

1.12. The main functions of port authorities can be broken down into:

- (a) the provision and maintenance of port facilities (quays, wharves, etc);
- (b) conservancy functions, including lighting and buoying the harbour, the removal of wrecks and other obstructions, and maintenance dredging;
- (c) regulating the activities of port users, including regulating the movement and berthing of ships and licensing other people to construct works in the harbour;
- (d) carrying out cargo handling activities and other harbour operations such as weighing and sorting goods.

Nearly all the authorities for the major ports carry out all of these functions. Since the mid-60s, there ~~has~~ been a tendency, backed by successive Governments, to amalgamate dock and conservancy functions. But there are still some port authorities which do not themselves provide port facilities or cargo handling but are engaged solely in conservancy functions and the regulation of shipping (e.g. Harwich Harbour Conservancy Board). Conversely, there are a few important authorities (e.g. Felixstowe) which are mainly concerned with cargo handling and the provision of facilities and whose conservancy jurisdiction is limited to the relatively small area in the vicinity of the dock.

## Financial Arrangements

1.13. Except for the PLA and MDHC, no port receives any Government financial support towards its operating costs. No port, with the same two exceptions, is eligible for grants towards capital **works** which are not also available to other public or private sector bodies (e.g. under section 8, Railways Act 1974). Grants may be crucial to the construction of a particular facility (e.g. a coal handling plant or



## CONFIDENTIAL

a private railway siding) but no port's continued operation (PLA and MDHC apart) is dependent on grant. Finally, although all ports may borrow from the Government for capital works, fewer and fewer have wanted to do so in recent years.

1.14. Annex D describes the grants available to ports and the loans available to them from the EIB and ECSC. The rest of this section describes port borrowing from the British Government, local authorities and the private sector.

1.15. Loans under section 11, Harbours Act 1964: All statutory port authorities, including those owned by local authorities, are eligible for loans under section 11(1)(a). The purposes for which loans may be granted are restricted to expenditure of a capital nature. Loans are not available to re-finance other permanent borrowing. The main criteria which applicants have to satisfy are that the project is a viable one; that it secures an adequate rate of return having regard to the risks involved (generally at least the Treasury's Recommended Rate of Return); and that the port authority has the ability to repay the loan.

1.16. Once a loan is agreed, it is secured by a mortgage on the port's revenues, or its assets and revenues. In recent years, mortgages have usually been secured on the revenues only, on the ground that the Government could not - without prior legislation - force a port into liquidation of its operational assets to pay its debts. The loans are subject to interest at the rate prescribed by the Treasury at the date of issue, which remains fixed for the life of the loan. Loan periods vary, but in the main are between 10 and 15 years. With the fluctuating interest rates of recent years, fixed interest loans have been increasingly unattractive and applications have fallen off. No new loans have been approved since 1980.

1.17. Loans may also be made under section 11(1)(b) of the 1964 Act to enable authorities to pay sums due (e.g. during the construction period) in respect of interest or repayment of principal on loans made under section 11(1)(a). A moratorium on capital payments may also be agreed until the scheme becomes revenue producing.



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1.18. The accounts of a sample\* of major trust ports suggest three main points. First, there has been a significant shift over the last few years in the sources from which ports are seeking loans. They have been reducing their dependence on the Government as a source of loan capital as the following Table indicates:

SOURCES OF LOANS INCURRED BY 10 MAJOR TRUST PORTS IN 1978, 1979 AND 1980

%age of borrowing	1978	1979	1980
(a) Government	57 %	29 %	23 %
(b) Banks	18 %	33 %	67 %
(c) Other sources	25 %	38 %**	10 %

The second point suggested by the sample is that, in 1980, only about half the outstanding capital debt of these trust ports was owed to the Government, about 10% to the banks and the rest to other sources (e.g. debenture holders). The third point is that tradition and local circumstances <sup>have</sup> exercised a major influence on the source from which ports seek loan capital. For example, the Medway and Forth ports have raised almost all their loans from the Government whereas the Clyde has relied mainly on debentures and Ipswich has no loan debt to the Government.

1.19. The Harbours (Loans) Act 1972: loans may be made to any port authority under the Act to enable it to pay off capital debts, temporary loans and overdrafts. The Act was introduced to deal with the crisis of confidence in port trusts following the collapse of the Mersey Docks and Harbour Board in 1971. Only three ports (Clyde, Forth and Tyne) have been granted these loans and only Tyne has any outstanding debt.

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\* The 10 trust ports in the sample were: Medway, Tyne, Clyde, Forth, Tees and Hartlepool, Dover, Aberdeen, Ipswich, Shoreham and Milford Haven.

\*\* The figure for 1979 is so large because it includes a big loan from BSC for the building of Hunterston.



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1.20. Borrowing for Local Authority Ports: ports owned by local authorities - such as Bristol, Portsmouth and Sunderland - usually borrow the money they need through their own council's consolidated loans fund.

1.21. Joint Ventures: this is an attractive and important option for port authorities. They enter an agreement with a port user jointly to finance a project, so reducing the call on the port's own resources and tying the user to the port.

1.22. Debentures, Stock and Equity: <sup>two</sup> of the three major "private sector ports", Felixstowe and Manchester, have raised most of their capital from debentures and stock. Some trust ports also have power to issue debentures and stock (most notably, the Clyde); but this represents only a minor source of finance nationally. Trust ports have no power to sell equity.

1.23. Ports PESC: the Ports line in the Public Expenditure White Paper comprises:

- (a) investment by trust ports, however financed, net of land sale receipts;
- (b) investment by local authority ports;
- (c) only government lending to "private sector" ports, net of repayment;
- (d) grants to assist the PLA and Mersey.

BTDB ports are excluded, being dealt with separately as a nationalised industry.

1.24. Control of Capital Expenditure on Local Authority Ports: local authorities' capital expenditure on ports - like all their other prescribed expenditure - is controlled under Part VIII of the Local Government Planning and Land Act 1980. These are the only ports affected by a cash limit on capital.



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## Radical Change in Trade Patterns, Technology and Shipping Patterns

1.25. Over the last 20 years, three main developments have combined to transform the environment within which British ports must operate. These three developments have been:

- (a) changes in trading patterns;
- (b) changes in technology; and
- (c) changes in shipping patterns.

Each of these is discussed in turn below and their combined effect is then assessed.

### Changes in Trading Patterns

1.26. In 1950, 30% of the value of UK trade in goods was with Europe and 40% with the Commonwealth. By 1979, Europe accounted for 60% of the value of our trade and the Commonwealth only 15%. This sustained increase in our trade with Europe was stimulated by our membership of EFTA and boosted when we joined the EEC. As our trade with the Commonwealth and North America (in both absolute and relative terms) has declined the oil exporting countries have emerged as major export markets for the UK and others.

1.27. The composition of UK trade has also changed radically over the last 30 years. In 1950, we were importers of food and raw materials and exporters of manufactured goods. The discovery of North Sea Oil and major increase in UK agricultural production have greatly reduced our dependence on imports of fuel and temperate foods, although one half of all our food is still imported. But we are now importing manufactured goods on a much greater scale.

### COMPOSITION OF FOREIGN TRADE

% of Total Value	1950		1979	
	Imports	Exports	Imports	Exports
Food, Fuel and Basic Materials	82	16	33	20
Manufactured and semi-manufactured goods	18	81	65	78



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1.28. These changes in the world distribution and in the composition of UK trade have radically affected the relative importance of the different types of sea route, as the table below indicates.

Type of Sea-Route of UK Seaborne Foreign Trade, 1965-80

FUEL TRAFFIC			
Million tonnes (%)	1965	1971	1980
Near Sea	14 (13%)	24 (15%)	46 (34%)
Short Sea	27 (26%)	40 (26%)	33 (25%)
Deep Sea	63 (61%)	93 (60%)	55 (41%)
All countries	104 (100%)	156 (100%)	134 (100%)
NON-FUEL TRAFFIC			
Near Sea	12 (13%)	16 (16%)	30 (30%)
Short Sea	32 (36%)	33 (34%)	31 (31%)
Deep Sea	46 (51%)	48 (49%)	39 (39%)
All Countries	90 (100%)	97 (100%)	100 (100%)

Notes:

- (1) "Near Sea" comprises trade with Eire, W Germany, Holland, Belgium and France
- (2) "Short Sea" comprises trade with Denmark, Sweden, other Scandinavian and Baltic, Spain and Portugal, and other Mediterranean
- (3) "Deep Sea" comprises trade with all countries outside Europe and the Mediterranean.



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1.29. International trade accounts for about 60% (by weight) of all port traffic. The rest is accounted for by coastal traffic and "one port traffic". Coastal traffic has increased in volume but declined in relative importance. But "one port traffic" (sea-dredged aggregates, dumping of material at sea, supplies to and landings from off-shore oil and gas rigs) has grown rapidly in absolute and relative importance.

## Port Traffic by Type

Million Tonnes (% of Total)	1965	1971	1980
Foreign	189 (60%)	251 (70%)	249 (60%)
Coastwise	115 (37%)	98 (27%)	128 (31%)
One Port	11 (3%)	11 (3%)	37 (9%)
TOTAL	315 (100%)	360 (100%)	414 (100%)

Most coastwise trade is in bulk commodities (e.g. oil and coal) and for ports such as the Tyne and Tees forms an important element of revenue. Much of this traffic must be handled at specialised terminals, often linked to other specialised facilities (e.g. power stations). Non-oil coastal traffic shows a steady decline.

## Changes in Technology

1.30. The post-war period has seen two major changes in technology - a big increase in ship size and specialisation; and the rapid and still growing move to unitisation. The full force of the cargo handling revolution has developed in the last 15 years and four main elements can be identified:

- (a) Bulk Carriers: the size of oil and other bulk carrying ships has increased enormously. A crude oil tanker now will probably be between 200,000 and 300,000 d.w.t. compared



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with, say, 15,000 in the 30s. Specialised trades in hydrocarbon gases and liquids have developed and some traffics formerly carried by piece have been converted to bulk.

- (b) Forest Products - mixtures of sawn wood, pulp, paper and so on carried on the same ship in 10-12 tonne units have replaced the loose carriage of logs, sawn wood etc, which were handled as individual bundles.
- (c) "RoRo" - this is part of the container revolution. The goods are carried either in fixed or detachable containers which are either trailers to road vehicles or on wheeled pallets. These are driven on and off the ship by the road vehicle, or a special port tractor. Ship designs have been adapted to cope with RoRo (e.g. by building ramps into the ship which can be let down onto the quay when the ship docks). Dover is our leading RoRo port.
- (d) "LoLo" - this is the pure application of containerisation. Containers (which have standard dimensions and fittings) are packed and unpacked on shore (if possible, away from the port at the consignor's own premises) and simply lifted on or off the ship. Most containers are carried in special ships designed around the "cellular" structure of the stacked containers. Felixstowe is a leading example of a big LoLo operation.

1.31. Systems (b), (c) and (d) above have the objective of minimising the time the ship spends in port. The ship is "working" when it is moving but when it is standing still in port it is merely accumulating running costs of about £20,000 a day. So the faster it can be turned round, the better.

1.32. The main consequences of these technological developments include:

- (a) Every pre-war crude oil terminal, every ore terminal built before 1964 and the two main grain terminals have been rebuilt



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to make them far bigger and to locate them in ports able to handle very big ships. This increases the difficulty of investment decisions. Because modern bulk facilities are so big and expensive, the decisions on their location (based on assumptions about shipping patterns, labour relations etc) become crucial for the futures of both the port and the port user.

- (b) The land area required for RoRo and LoLo operations is eight or more times as great as that of the "general cargo" berths built before the war. And the land needs to be paved for LoLo operations (so that it is able to bear the weight of stacks of containers and the heavy handling equipment). So the capital investment required of the dock owner or operator of the facility is much greater than it was when cargo was handled by the piece by large groups of dockers.
- (c) Throughput of goods per berth has become bigger and much faster.
- (d) Handling equipment has become large, expensive and sophisticated. High reliability of the equipment is essential to quick ship turn-round. Again, the capital investment required of cargo handlers is far greater than it was, say, 15 years ago.
- (e) Manpower requirements have been greatly reduced. Modern bulk, RoRo and LoLo operations are capital intensive whereas, by tradition, cargo handling is labour intensive. But the ports have not yet shed all the labour they could and labour costs still represent, on average, 65-75% of operating expenditure.

### Changes in Shipping Patterns

1.33. Ship-owners' costs have increased substantially over the last 20 years. For example, bunker costs have risen four-fold in real ms since 1974. Ship-owners have been faced with the combined effects of:



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- (a) changes in ship and cargo handling technology;
- (b) changes in the patterns of trade and particularly the growth of the European market; and
- (c) higher capital and operating costs.

At the same time, there have been major improvements in road communications in Britain and Europe. All this has affected patterns of shipping. Now, a deep sea ship on its way, say, from Japan to Rotterdam is far more likely to include a call at one British port than at several and to make that call at Southampton, London, the Humber or Felixstowe rather than at Liverpool or Greenock. And traffic to and from Scandinavia and mainland Europe is likely to use a port on the east or south coasts (with distribution by road from there) rather than to ship the goods to or from the west coast. Above all, shippers and ship-owners are looking for a quick turn-round and reliability from the port. That is why ports such as Felixstowe and Sheerness - with new facilities, capable of handling big ships and containers, located in the south east and enjoying good industrial relations - are attracting more and more business at the expense of ports on the west coast and those saddled with bad labour relations or out-dated facilities.

### Results, Lessons and Trends

1.34. In less than 20 years, the ports industry has been forced - by events wholly or largely beyond its control - to become relatively capital intensive rather than labour intensive. It has had to adjust to faster throughput of larger volumes at fewer ports; and to shed two-thirds of its labour force, training many of those who remain in the industry to operate new machinery. Great ports (Clyde, Manchester and Liverpool) have dwindled and seen their traditional traffic shift to fast growing ports on the east and south coasts. Moribund or minor ports in the north east have been rejuvenated and grown as a result of the exploitation of North Sea Oil. Little of this was (or could have been) foreseen in the 60s.



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1.35. There are three main lessons to be drawn from this experience:

- (a) There is too much capacity in the ports industry and there must be some rationalisation. But a programme of enforced closures could be based only on a view about future needs (and experience warns against over-confident prediction of what they will be), would reduce competition and would remove the ability to respond quickly to unforeseen developments (in the way that Kings Lynn and Felixstowe - both moribund only a comparatively few years ago - were able to adapt and grow when circumstances changed in their favour).
- (b) Anyone wanting to enter the new era of cargo handling on a large scale must be able to finance heavy investment in equipment and facilities (e.g. container cranes, extensive trailer parks, private railway sidings, bulk carrying equipment).
- (c) A plan for the ports industry (determining capacity, investment, location of specialist facilities and so on) would almost certainly have been counter-productive. As a service industry, the ports need to be free to respond to their customers' changing requirements.

1.36. The likely trends for the remainder of this decade are that:

- (a) total non-fuel traffic will at best grow slowly;
- (b) the share of European countries' trade with the UK will continue to increase;
- (c) trade with Middle East oil exporting countries will also continue to grow (though this is vulnerable to political shocks)
- (d) trade with Commonwealth and other Deep Sea markets will continue to decline;
- (e) imports of foreign crude oil will decline and exports to European countries increase;



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- (f) imports of natural gas from Algerian and Norwegian sources will continue to increase;
- (g) methods of "unitisation" will be extended to a greater range of products now handled as "conventional" or semi-bulk cargoes; and to countries not yet served by container facilities;
- (h) the east and south coast ports will continue to be at a significant advantage compared to those on the west coast;
- (i) further substantial reductions in dock labour will be feasible and required.

## International Comparisons of Port Administration and Financing

1.37. Comparison of our arrangements for managing and financing ports with those of other European, North American and Australasian countries suggests two main differences between their arrangements and ours:

- (a) British ports are financially responsible for the full capital and maintenance costs of marine access channels, lights, buoys and navigational aids, sea locks and exterior breakwaters. In all countries (except Denmark and Eire), these costs are met wholly or mainly by the national Government or some other Governmental body. Moreover, in all EEC countries except Britain, Denmark and Eire, the national government or some other non-port body meets some of the capital costs of providing docks, quays and other port infrastructure. In 1974, it was estimated that if UK ports operated under the same financial regime as most continental ports, they could cut their charges\* by at least 30%. (An analysis of EEC maritime countries' arrangements for meeting these capital and operating costs is contained in the Tables at the end of Annex E.)
- (b) Only in the UK is it common for port authorities to be substantial cargo handlers. Elsewhere there is a high degree of private sector participation in cargo handling.

\* However, these ship, passenger, cargo and pilotage dues represent only about 10% of shipping companies' overall costs.



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1.38. Two common features also stand out. First, in all maritime countries there is a strong element of participation by central, regional or local government in the provision and management of ports. Private ports are fairly rare outside the UK. Second, systems of registration for dock workers and the payment to them of minimum daily fall back pay are found in all EEC maritime countries. In Denmark this is financed by the state and the unions; elsewhere it is paid for by levies on port employers, often with state contributions.

1.39. Annex E provides further descriptive and analytical material on the arrangements in other countries.



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## PART II - THE GOVERNMENT'S OBJECTIVES AND POLICIES FOR THE PORTS INDUSTRY

2.1. Having described the ports industry briefly in Part I, we now come to the meat of the Committee's work: a review of the Government's objectives and policies for the industry. Our first task was to attempt to set out what we believe those objectives and policies to be. That is not so easy as it might sound. The Government's public statements on the subject have been few and have not purported to be comprehensive. Moreover, as paragraphs 1.1-1.6 suggested, we are not dealing with a homogeneous industry but a large number of independent port authorities, varying widely in size, constitution, powers, problems and importance. Any set of objectives and policies for the ports which is not wide enough to take account of the diversity of the industry is likely to be defective or only partial.

### The Government's Objectives

2.2. Subject to those cautionary remarks, we suggest that the Government's objectives for the ports industry are as follows:

- (a) to ensure that provision exists for the movement of the country's external trade, over 95% of which (by weight) travels by sea;
- (b) to encourage the provision of a responsive, reliable and efficient service to ship-owners, importers and exporters at the lowest economic cost to users;
- (c) to secure free competition on equal terms between ports;
- (d) to minimise the risks to the economy from major industrial disputes in the ports;
- (e) to secure an adequate return on the investment already made in ports with Government financial assistance;
- (f) to ensure fair trading by port authorities (which are local monopolies) in the interests of the users and the wider community;



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- (g) to ensure the efficient and effective discharge of the responsibility for conserving the safety and openness of riverine and estuarial navigations.

### The Government's Current Policies

2.3. The policies directly related to the ports industry are, we suggest, that:

- (a) commercial pressures and market forces should determine the pattern of the industry and the distribution of work between the ports;
- (b) the ports industry itself should have the clear and leading responsibility for securing improvements in efficiency (including port rationalisation)
- (c) ports should be encouraged to continue reducing their manpower and should be given borrowing consent or access to Government loans to assist in this where necessary;
- (d) the adverse effects of port rationalisation on local industry and employment should be minimised so far as possible;
- (e) the number of ports in receipt of Government financial assistance should be kept to the minimum as should the scale of assistance; and financial support should be discontinued as soon as possible;
- (f) BTDB and the Sealink ports should be privatised;
- (g) the introduction of private sector capital and management elsewhere should be encouraged, particularly in new developments;
- (h) the dependence of ports on Government loans for capital investment should be minimised and the proportion financed from commercial sources further increased;
- (i) unnecessary controls over port authorities should be removed.



Comment

2.4. Four general comments on the objectives and policies set out in the two previous paragraphs may be helpful at this stage. First, the objectives for the ports industry are broadly similar to those the Government has for British industry generally. Second, however, the policies take account of the special nature of port authorities - notably, that they are statutory bodies exercising what approaches a local monopoly-and they involve a greater degree of Government involvement than is normal in industry generally. We consider in Part III and Annex G whether this degree of involvement is desirable and the constraints in reducing it. Third, these objectives and policies also recognise the serious damage the country could suffer in the event of a prolonged national dock strike. And fourth, most of these policies are mutually supportive. For example, those in 2.3 (a) - (c) and (f) and (g) are interlinked. Similarly, in nearly every case, the objectives listed in paragraph 2.2 are being pursued through more than one policy. The following table illustrates the links between the objectives and the policies.

OBJECTIVE	POLICY
Para 2.2. (a) - to ensure that provision exists for the movement of the country's external trade	Para 2.3 (a) and (e)
Para 2.2. (b) - to encourage the provision of a responsive, reliable and efficient service at the least economic cost.	Para 2.3 (a), (b), (c), (f), (g) and (i)
Para 2.2. (c) - to secure free competition on equal terms between ports	Para 2.3. (a), (c), (e), (h) and (i)
Para. 2.2. (d) - to minimise the risks to the economy from major industrial disputes in the ports	Para 2.3. (c), (d) and (e)
Para 2.2. (e) - to secure an adequate return on the investment already made in ports with Govt financial assistance	Para 2.2. (c), (e) and (f)
Para 2.2. (f) - to ensure fair trading between ports	Para 2.3. (a), (e), (h) and (i)
Para 2.2. (g) - maintenance of the conservancy function	Para 2.3 (d) and (e)



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## PART III

### CONSTRAINTS ON ACHIEVING THE GOVERNMENT'S OBJECTIVES AND POLICIES

3.1. This Part of our report discusses the constraints on the achievement of the objectives and policies listed in paragraphs 2.2 and 2.3. It deals with the surplus of port manpower and the defects in the industry's labour regime including the Dock Labour Scheme and the non-statutory agreements made by management and the unions. It seeks to clarify the circumstances in which it would be consistent for the Government to make loans to ports and suggests criteria for assessing applications for grant-aid. It identifies the ports most at risk of getting into financial difficulties. And, finally, it considers the scope for further privatisation.

#### The Surplus of Port Manpower

3.2. Labour costs ~~constitute~~ 65%-75% of ports' operating costs. Cutting the size of the labour force represents, therefore, by far the most effective action the industry can take to reduce its costs and improve productivity.

3.3. There has already been a dramatic reduction in port employment. In 1960 there were 74,000 registered dock workers (rdws). Now, there are only 18,000. Between 1969-81, the industry shed 63% of its rdws and 45% of its non-rdws. The port employers' current estimate is that a further 4000 rdws should be "severed" over the next 3 or 4 years. But estimates vary. For example, the Chairman of the British Ports Association suggests that up to 8000 rdw severances might be appropriate. Much will depend on the rate at which unitisation spreads and on other changes in technology and patterns of trade. We are confident, however, that a severance programme of over 4000 rdws (with parallel savings among non-rdws) by 1985 is both feasible and essential. The size of the programme could well be substantially greater.

3.4. The recovery of the PLA and the Mersey, the two largest port employers, depends crucially on them achieving big and early manpower severances (a total of over 1500/<sup>rdws</sup>this year alone). The Clyde, Manchester and Bristol - the next three ports most at risk - must also sever large sections of their labour force if they are to deal with their difficulties. In view of this and the high proportion of port



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operating expenditure attributable to labour costs, we are convinced that the elimination of surplus manpower is vital and will remove the single most important constraint on the achievement of the Government's objectives for the industry. Accordingly, the severance programme should be the industry's first priority over the next few years. The short-term cost will be heavy but will be far out-weighted by the longer term savings.

## The Labour Regime and the Dock Labour Scheme

3.5. Like many of the older industries - such as printing, shipbuilding and railways - the ports industry has a bad record of industrial relations. Its unions are among the most powerful in the country. Over the years, port management has often conceded payments or practices that were not justified. These are among the reasons why the productivity of British ports is lower than that of most of their European competitors. The reduction in port manpower will remove some of the motivation which lies behind restrictive practices (e.g. as to gang sizes and movement of workers between jobs within the port).

But the severance programme is not a panacea. We have considered therefore to what extent the Dock Labour Scheme constrains the achievement of the Government's objectives and policies, and the proposal for an independent inquiry into the scheme made by the General Council of British Shipping (GCBS)

3.6. The Scheme is briefly described in Annex F. We are in no doubt that it aggravates and reinforces the industry's deficiencies. The Scheme is hopelessly out of date; for example, many of the definitions of "dock work" date back to the emergency orders made in the first years of World War II. (But modernisation of the definitions could only have the effect of extending the scope of the Scheme - e.g. to classify as "dock work" operations which were not current when the original definitions were devised.) Although most of the major ports are covered by the Scheme, some - such as Felixstowe and Dover - are not; coverage depends largely on historical factors. The ports within the Scheme have to pay a levy to the National Dock Labour Board (NDLB); this is currently 3½% of the port's gross wage bill. The NDLB employs more staff and costs more to operate than is now justified; it also provides some services (e.g. welfare) which duplicate those provided by employers or could be better provided by them. The Board recognises these criticisms and has recently issued consultative proposals for



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curtailing its operations substantially. Recruitment, severances and discipline are determined under the Scheme by the local Dock Labour Boards. The unions and employers have equal representations on these Boards. So the unions can exercise an effective veto and one result of this is that the Boards agree to dismiss an rdw rarely and only in the most flagrant cases.

3.7. But the Scheme is only a part of the total labour relations regime in the industry and not the most important part at that. Much is regulated by non-statutory agreements made between unions and management at national or local level. For example, there is a national agreement, reached in the light of the Aldington-Jones report of 1972, that surplus labour problems should be dealt with by re-allocating rdws to other employers in the port pending voluntary severance. The "Aldington-Jones" agreement has effectively ruled out compulsory severance; and it has also made the port authority "the employer of last resort". The problems of the PLA, the Mersey and other major ports have been heightened by this agreement, which is quite separate from the Dock Labour Scheme.

3.8. Manning levels, working practices, pay and the level of severance payments are also matters settled by local or national agreement. None of these is regulated by the Scheme. In reaching such agreements, port management has often found itself ground between powerful unions on the one hand, and shippers and shipowners on the other; the latter frequently put pressure on the port management to pay-up or accept a restrictive practice so as to avoid a dispute and the consequent delay to goods and ships. Port users as well as port <sup>and the unions</sup> management bear some of the blame for the history of industrial relations in the industry.

3.9. Moreover, as Annex E indicates, the Scheme is not unique to Britain. Our main international competitors also have schemes for the registration of dockers and most maintain special regimes for employment in the ports industry.

3.10. It is against this background that we have considered the proposal by the GCBS that there should be an independent inquiry into the Dock Labour Scheme. We agree with the GCBS that the Scheme is an impediment - but not the only or the most important one - to reducing the cost and improving the performance of the industry. We are



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convinced that the labour regime in the ports needs to be brought closer into line with that in other industries. But we do not believe that an independent inquiry into the Scheme would be an effective means to that end.

3.11. We take this view because the unions would see an independent inquiry as the beginning of an attack on the Scheme and this would harden their attitudes to other issues, most notably the manpower severance programme. That alone could prevent the PLA and the MDHC from achieving the targets the Government have set them; it would also frustrate the rationalisation programmes which are essential for the continued viability of other ports such as the Clyde and Manchester; and it would prevent the industry generally from cutting its costs and improving its labour productivity. So we recommend that the completion of the severance programme planned for the next two or three years (which has got off to a good start with the Special National Severance Scheme announced in April) **must** take precedence. Our view is shared by the National Association of Port Employers. When the manpower surplus has been eliminated, present barriers between dock work and non-dock work will look even more artificial. The conditions will then be more favourable to the making of local and national agreements to bring labour relations in the ports closer into line with those in the rest of industry.

3.12. We conclude from this that it would be mistaken to go beyond the decision the Government have already taken but not yet announced to repeal the Dock Work Regulation Act 1976. For the Government to mount an assault on the Dock Labour Scheme or the Aldington-Jones agreement at this stage would put at serious risk the progress the industry is already making to reduce manpower

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surpluses, improve working practices and slim down the bureaucracy of the Dock Labour Board. Recent industrial action against proposals to cut NDLB costs has shown the level of support the militants can achieve against any proposal they can present as "an attack on the Scheme". The trade union leadership continues to go along with re-organisation proposals and recently called off a national dock strike threatened in support of an extension of the Scheme. The militants have criticised these decisions and the announcement of any inquiry would play into their hands. Moreover at any time the outcome of any independent inquiry would be unpredictable and could be unwelcome. Accordingly we recommend that the Government should resist the suggestion that there should be an independent inquiry into the Dock Labour Scheme.

3.12A. The Department of Trade representative has certain reservations, however. He observes that paragraph 3.7 gives no weight to the possibility that the Dock Labour Scheme has led to a climate favourable to the other features of labour relations in the docks considered by the GCBS and other observers to be undesirable. He does not consider that the argument in paragraphs 3.11 and 3.12 that an enquiry would be untimely supports the conclusion in paragraphs 3.10 and 3.12 that there should be no inquiry at all. The GCBS, whose members depend



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to a considerable extent on the efficient and continued operation of UK docks, have advocated that there should be one and they are not alone in thinking that the risks of an enquiry are worth running. The Department of Trade representative believes that nearer the time of the announcement on the Dock Work Regulation Act Ministers should consider whether the prospective situation in the docks makes it an appropriate time also to announce an enquiry into the Dock Labour Scheme.

## Government Loans and Grants

3.13. The Government has power under the Harbours Act 1964 and the Harbours (Loans) Act 1972 to lend money to port authorities. (Background information on these powers is given in paragraphs 1.15-19 above). And on a number of occasions - most notably, in the cases of the PLA and the Mersey - the Government has taken power to provide grant aid. We have considered the need for these powers in the context of the objectives and policies set out in Part II of our report, since their use puts ports in a more favourable position than firms in other sectors of the economy; and the existence of these powers may tend to draw the Government into the affairs of the ports.

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3.14. The Rochdale Committee recommended<sup>in 1962</sup> that the Government should act as "lender of last resort" to the ports. It is far from clear that section 11 of the Harbours Act 1964 was used in that way during the late 60s and in the 70s. Some ports chose to finance their capital works by borrowing from the market, and some by borrowing from the Government. There has been a lack of clarity about the circumstances in which section 11 loans should be made. In fact, there have been few applications for these loans over the last couple of years. In part, this may be because there has been less investment. But it is also, no doubt, because ports find variable interest rates more attractive than the fixed interest terms available from the Government. So the ports have been behaving in a rational commercial manner and we recommend that the Government should reinforce this by making it clear that they expect ports to finance capital works from their own resources or by borrowing from the market.

3.15. We believe, however, that there will remain cases where there is a legitimate role for the Government to act as lender of last resort. For example, the Medway Ports Authority is faced with difficulties for the next few years as a result of BP's decision to close its Isle of Grain refinery. The Port Authority has approached the banks to seek loans for investment. But the banks are unwilling to give other than short-term loans because of the BP decision and the other local difficulties created by the decision to close Chatham Dockyard. The port's long-term viability is not at serious risk and it must make some investment if it is to compete successfully with other ports and attract new traffic to fill the gap left by BP. We believe that it is in exceptional circumstances such as these that it is appropriate for the Government to consider making loans **under** section 11 of the 1964 Act.

3.16. The policy towards loans under section 1 of the Harbours (Loans) Act also needs clarification. These loans may be made to help a port pay off a capital debt, a temporary loan or an overdraft.

3.17. The 1972 Act was introduced in the aftermath of the collapse of the Mersey Docks and Harbour Board in 1971. Until then, it had been assumed by the banks and institutions that the Government stood behind port authorities' borrowings. When this misapprehension was corrected,



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confidence in the credit-worthiness of port authorities slumped and emergency action was needed to avoid financial crises in a number of ports which were basically sound. The Clyde was among those most at risk. This was because the Port Authority had traditionally raised its loans from debentures and bonds. Every year, some of these fell due for repayment and renewal. In the aftermath of the Mersey Board's collapse, there was little enthusiasm among small local investors (the main holders of the stock) or the banks to renew their lending to the Clyde. All that was needed to restore confidence was for the Government to make the Port Authority a loan under the 1972 Act, which the Clyde repaid early. Only two other loans have been made under the Act: to the Forth, which was recently repaid on time, and to the Tyne, on which repayments are proceeding on time.

3.18. The Clyde have again applied for a loan under the 1972 Act. They are engaged on a major rationalisation programme that is essential to secure their commercial viability. A vital element in their programme is the severance of 240 non-rdws (as well as about 100 rdws) over the next two years. The short-term cost of severing the non-rdws will be heavy and will coincide with the need to repay about £6m of debentures. The Clyde would normally expect to roll over sufficient of these bonds to meet their borrowing requirements. But other forms of investment (e.g. building societies, Government stocks) are likely to be more attractive to the small investors who have traditionally taken up the Clyde's bonds. So the Authority doubt if they could renew all the bonds they require. And the banks are unwilling to lend without a guarantee from a port user. So the Clyde faces a short-term cash flow problem which it must overcome if it is to complete its rationalisation programme.

3.19. The 1972 Act was designed to cope with just such circumstances. It authorises the Secretary of State, where it appears to him that "a harbour authority are, or are likely to be, unable -

- (a) to pay, at the due time, the whole or part of any debt ... properly chargeable to capital account;
- (b) to repay or pay off, at the due time, the whole or part of a temporary loan made or an overdraft granted to them ...



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and it appears to the Secretary of State that the financial prospects of the authority justify making them a loan for the purpose of making the payment or repayment, then, with the approval of the Treasury, he may ... make the authority a loan for that purpose".

3.20. We see nothing inconsistent between the exercise of this power in exceptional cases, such as the Clyde's, and the Government's objectives and policies for the ports industry. Refusal to exercise the power in such cases could, of course, lead to the financial collapse of the port concerned and provoke demands for the Government to come to the rescue by making grants.

3.21. The Government have made it clear that it is their policy to minimise the number of ports which receive grant-aid, and the scale and duration of such aid. But, again, there is a lack of clarity about the criteria to be adopted in applying this policy.

3.22. We have considered whether a list of ports should be drawn up showing those which must - at all costs - be preserved. But we reject this approach for two reasons. First, it would be inconsistent with the policy that market forces should determine the pattern of the industry (para 2.3(a) above). Second, decisions on whether Government aid should be given must turn, in each case, on the best estimate of the comparative costs of closure or retention.

3.23. We suggest, therefore, that all applications for Government financial assistance should be evaluated by reference to:

- (a) the likely scale and duration of the assistance required;
- (b) the port's prospects of becoming and remaining viable;
- (c) relevant foreseeable trends in trade and shipping patterns and in technology;
- (d) implications of closure for port investment financed with the aid of public funds;
- (e) the risk that closure would provoke a major dock strike.



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3.24. In addition, it may also be necessary in some cases to provide an evaluation of the:

- (a) implications of the port's closure for local industry, including prospective inward investment in the region;
- (b) implications of closure for local employment;
- (c) implications of closure for the supply of essential food-stuffs and agricultural raw materials;
- (d) the significance of any specialised and expensive facilities in the port (e.g. granaries, specialised handling plant);
- (e) implications of closure for private sector investors in, and creditors of, the port; and
- (f) implications for land drainage and for conserving and regulating the navigation.

3.25. We also recommend that the Department of Transport should assemble, and up-date from time to time, information relevant to the criteria mentioned above for all the ports most at risk of getting into financial difficulties.

3.26. We recommend, therefore, that:

- (a) the Government should act only as lender of last resort but that loans to ports <sup>be</sup> may/justifiable, under either section 11 of the 1964 Act or section 1 of the 1972 Act, in exceptional circumstances;
- (b) all applications for grants from the Government should be assessed by reference to the criteria in paragraph 3.23; in some cases, the criteria listed in paragraph 3.24 would also be applicable;
- (c) the Department of Transport should maintain, for each of the ports most at risk, information relevant to the criteria listed in paragraphs 3.23 and 3.24.

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## The Ports at Risk

3.27. The Government has, of course, already decided to provide the PLA and the Mersey with the temporary financial assistance they need to return to viability. We have considered whether there are any other major ports which are unlikely to be able to deal with their problems from within their own resources.

3.28. We have concluded that those most at risk are the Clyde, Manchester and Bristol. It is no coincidence that all three are located on the west coast. All three have had to face up to the dramatic shift of traffic to the east and south coast ports over the last decade or so. All three have large port systems. As major handlers of general cargo in the past, they had a lot of registered dock workers. Despite substantial manpower reductions over the last few years, their labour forces are still large. As firms of cargo handlers have left the industry, the port authorities have had no alternative but to take on the dockers formerly employed by private stevedores. Meantime, loss of traffic and new technology have reduced manpower requirements. The recession has aggravated these underlying difficulties.

3.29. The Clyde Port Authority is responsible for 450 square miles of water including the massive ore handling facility at Hunterston, the deep sea container terminal at Greenock and the general cargo docks at Port Glasgow. Until 1980 it was making healthy profits. These fell to £46,000 in that year and in 1981, the Clyde made an operating loss of almost £1m. The Authority immediately set about a major rationalisation programme. In the last two years it has cut its workforce by 37% (660 jobs), rationalised loss-making subsidiaries, sold-off assets and attracted some new traffic. Over the next two years, the Clyde plans to sever about 240 non-rdws and a further 100 rdws. This programme coincides, however, with the repayment of about £6m of debentures. In the normal course, most of these would be rolled over. But, as noted in paragraph 3.18, the Clyde doubt if they could renew the debentures on the required scale. So, despite liquid reserves of £8m, the Authority need bridging finance to tide the port over the next few years; and they have, therefore, applied for a loan under the Harbours (Loans) Act 1972 to enable them



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to complete their rationalisation programme and so ensure the port's long-term viability.

3.30. The Manchester Ship Canal Company lost £2m on its port operations in 1980 and £2.5m last year. However, it owns extensive property and made profits from rents of over £1m in each of the last two years. The Company also has very large liquid reserves, although these have been almost halved by the recent losses on port operations (reserves have fallen from £9m in 1979 to about £5.5m now).

3.31. Manchester faces two problems of its own as well as the difficulties of all west coast ports caused by the changes in shipping patterns. The first of these problems is that the Company is saddled with the conservancy of the full 35 miles of the Canal. Dredging expenditure last year was £3.5m. Hidden in that sum is the cost of land drainage which amounted to perhaps £1m and which was paid for entirely by the Company, so relieving the Regional Water Authority of a major expense which would otherwise fall on them. The Company have begun discussions with the Water Authority about sharing these costs. Manchester's second main problem arises from its operations on the upper part of the Canal and in the port of Manchester itself, which is still capable of taking deep sea traffic and handles general cargo. As a result the Canal has to be dredged extensively to enable big ships to get all the way up to Manchester; and general cargo is labour intensive. So Manchester is considering a variety of ways to cut dredging and other conservancy costs, reduce manpower, attract new types of traffic (short and near sea rather than deep sea general cargo) and further exploit its extensive non-port related assets. One option would be to close the upper part of the canal to port operations, but the Company are thinking more in terms of rationalisation than closure.

3.32. The Port of Bristol is owned by Bristol City Council. Last year, it lost nearly £13m and it is forecast to lose between £9m and £10m a year for the rest of the decade, despite planned major manpower severances and other rationalisations. Portbury is the main cause of these losses. The City Council's capital debt for the port is £56m, nearly all of which is attributable to the cost of building Portbury. Moreover, Portbury is losing money on operating account

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and is not expected to cover even its operating costs until 1985. The cost of the port's losses is being met by the ratepayers (with the aid of a rate of 17 pence in the pound in 1981/82 just to cover the port deficit).

3.33. Recently, the City Council asked the Government for financial assistance. This has been rejected. Government approval for the construction of Portbury was given only on the explicit understanding that the responsibility for the project, financially and otherwise, lay entirely with the City Council. There are no grounds of ports policy for departing from that position.

3.34. Other Ports: The only other major port facing significant difficulty at present is the Medway. Its problems are caused by the closure of BP's Isle of Grain oil refinery. But the Medway is expected to overcome this and remain viable. Some of BTDB's ports in South Wales are struggling, as are a few other medium and small ports on the west coast and elsewhere (e.g. Dundee). But none is in imminent danger of collapse.

3.35. Conclusion: we conclude from this that the Clyde, Manchester and Bristol are the ports most at risk. But the Clyde and Manchester have large liquid reserves and are engaged on major programmes of rationalisation. Present indications suggest that both ports should be able to overcome their difficulties provided they successfully complete their rationalisation programmes and the Clyde gets over its short-term cash flow problem. Bristol will remain in substantial deficit for the foreseeable future but is the financial responsibility of the City Council.

### Privatisation

3.36. Privatisation is, of course, in accord with the Government's objectives and policies for the industry. Port authorities are in competition with each other. Shipowners' choices about the ports they will use certainly are affected by the quality and reliability of the service they receive and by port charges. It is undoubtedly true that competition and exposure to market forces are the most effective pressures on ports to improve their performance.

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3.37. It would be mistaken, however, to regard ports as wholly commercial bodies and just like private firms. As noted in paragraphs 1.8 - 1.11, all the commercial ports are statutory creations. Most of them are "trust ports", a few are statutory companies, others are owned by local authorities and the remainder are, for the time being, nationalised. All of them need powers that only statute can give them. Unlike private firms, port authorities cannot be wound up without first promoting the necessary legislation. And there are common law and statutory restrictions on their freedom to refuse ships entry to the navigation or the harbour. These characteristics need to be kept in mind when considering the scope for privatisation.

3.38. We have examined the scope for introducing more share capital into the industry. At present, however, trust ports cannot sell equity. They could do so only if they were reconstituted as statutory companies so that the shareholders could elect the directors. A few ports have considered this possibility. For example, a few years ago the Medway Ports Authority consulted merchant bankers about the prospects of raising equity capital; they were advised that investors were unlikely to regard ports as an attractive proposition. This may change, however, if the industry succeeds in reducing its manpower and improving its productivity and industrial relations. And the market may also become more interested in ports when it has seen the results of the privatisation of BTDB and the Sealink ports. But news that the Government were considering/a wider programme of port privatisation could adversely affect the flotation of BTDB and Sealink. We recommend, therefore, that Ministers should retain an open mind about the feasibility of a more extensive programme for the privatisation of port authorities and review the prospects again in a few years' time in the light of developments in the meantime.

3.39. Cargo handling need not be provided by port authorities. Indeed, it is only quite recently that the authorities have become the main cargo handlers. For example, writing of 1962, the Rochdale Committee found that at Liverpool "the port authority takes almost no part in cargo handling ... 'master stevedores' load ships, 'master lumpers' discharge them and 'master porters' do the shore work. The position is somewhat similar at Glasgow and Leith." In London, there were no less than 389 separate port employers, of whom the PLA was



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only one. The contrast with the present is dramatic. The Mersey Docks and Harbour Company now employs about 2200 rdws and private firms of stevedores only around 900; the PLA has about 3000 rdws and private employers only about 1300.

3.40. The main reasons for this exodus of private cargo handlers were:

- (a) the growth of containerisation, which required heavy capital investment in equipment and infrastructure, well beyond the resources of the old style private stevedore, who was little more than a labour contractor;
- (b) the greater attractions to investors and managers of other types of business, outside the ports industry;
- (c) the Aldington-Jones agreement, which effectively ruled out compulsory severance and made the port authority the employer of last resort at a time when the industry was shedding labour steadily in response to new technology and changes in the patterns of traffic.

3.41. Against this background, we have considered the likelihood of private firms coming back into cargo handling. One option would be to introduce legislation to prohibit port authorities from handling cargo. But this would be arbitrarily to split up well-run operations at ports such as Felixstowe. And it would be contrary to Rochdale's and Devlin's recommendations in favour of the unification of port functions and the need for the port authority to be one of the main employers of dock labour. There is no evidence to suggest that compulsory separation of the cargo handling function would increase efficiency. And the legislation to separate the functions would be strongly opposed by the port authorities as well as the unions (who might well back up their opposition with national strike action). In any event, we see no prospect of being able to attract the private sector back into the cargo handling business until the surplus of dock labour has been further reduced and the industrial relations regime has been brought closer into line with that in industry generally.

## Other Constraints

3.42. Finally, we have identified some more detailed constraints.

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We discuss these and some other factors - such as the significance of ports for local industry and employment - in Annex G. The conclusions reached in the Annex are included in the summary of our recommendations which follows in Part IV of the Report.

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## PART IV

### CONCLUSIONS AND RECOMMENDATIONS

4.1. As a nation whose future depends on its success in international trade, Britain needs a reliable, efficient and responsive ports industry. We have over 300 ports. Many of them are very small and are little more than havens for small craft or serve the needs of local tourism and recreation. Our primary concern in this review has been concentrated, therefore, on the main commercial ports, the largest 20 of which handled 83% of total tonnage and 67% of non-petroleum tonnage in 1980.

4.2. As E(EA) expected, the review has confirmed that the two main weaknesses of the commercial ports are surplus manpower and the over-all labour regime. The industry's first priority over the next 3 years must be to rid itself of its surplus manpower; and it must also maintain the progress it has been making to improve working practices and slim down the bureaucracy of the Dock Labour Scheme.

4.3. Inevitably, the review has concentrated on defects and problems. It would be wrong, however, to ignore past successes and some encouraging indications as to the future. Most of our ports are profitable and enjoy labour relations no worse than those of most other enterprises.

There has already been a dramatic and much needed reduction in the labour force. The industry and most of the people who work in it have adapted quickly and with surprisingly little fuss to the rapid and radical changes of the last decade or so - including the growth of containerisation, the shift of traffic from the west to the east and south coasts, the exploitation of North Sea Oil and the revolution in ship size and technology. There are also some hopeful signs for the future; examples include the Mersey's successful negotiation of a new agreement involving greatly improved manning levels, and the determination throughout port management to achieve cost savings and productivity gains by driving on with the manpower severance programme.

4.4. Much remains to be done. We believe that the Government's current objectives and policies are well tuned to the task ahead and we see

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no need to modify them. Our more detailed conclusions and recommendations are summarised below.

## Objectives and Policies

4.5. Prior to this review, no comprehensive statement existed of the Government's current objectives and policies for the ports industry. We have attempted to state them briefly in Part II.

## Principal Recommendations

4.6. In Part III we have set out our views on the main constraints on the achievement of the Government's objectives and policies. Our principal recommendations are as follows:

- (a) The manpower surplus: the ports have shed 63% of their registered dock workers (rdws) and 45% of their non-rdws in the last 12 years. There are now 18,000 rdws. The industry needs to shed over 4,000 more rdws within the next 3 or 4 years, with parallel savings among non-rdws. Severances on this scale are essential to the recovery of the PLA and the Mersey, and to ensure the viability of the other ports most at risk (Clyde and Manchester). Labour costs represent 65-75% of ports' operating costs. So cutting out surplus labour is the most effective action the industry can take to reduce its costs and improve its efficiency. The severance programme should, therefore, be the industry's first priority over the next few years and the Government should encourage and facilitate the employers' efforts to this end. The cost of severances will be heavy in the short term but far outweighed by the long-term savings (paras 3.2-3.4).
- (b) The Labour Regime: the present labour regime in the ports industry constitutes the other main constraint on the achievement of the Government's objectives and policies for the industry. The ports have a poor record of industrial relations. Over the years, port management has often conceded payments or working practices that were not justified. The Dock Labour Scheme is an impediment to reducing the cost and improving the performance of the industry. But it is neither



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the only nor the most important obstacle. Much in the industry (manning levels, working practices, pay, the level of severance payments etc) is regulated by non-statutory agreements made by unions and management at local or national level. These are quite separate from the Dock Labour Scheme. Perhaps the most notable of these agreements is the Aldington-Jones agreement; it effectively rules out compulsory redundancy and has made port authorities into the "employers of last resort". We are convinced that the labour regime in the ports needs to be brought closer into line with that in other industries. But most of us believe it would be mistaken for the Government, at this stage, to go beyond the decision it has already taken but not yet announced to repeal the Dock Work Regulation Act 1976. For the Government now to launch an attack on the Dock Labour Scheme or on the Aldington-Jones agreement would put at serious risk the essential manpower severance programme planned for the next two or three years, which has got off to a good start, and the progress the industry is making to improve working practices and slim down the bureaucracy of the Dock Labour Board. Recent developments have shown the level of support that trade union militants can achieve against anything they can present as "an attack on the Scheme". We recommend, therefore, that the Government should not accede to the proposal by the General Council of British Shipping for an independent inquiry into the Dock Labour Scheme.

The Department of Trade representative however considers that the arguments are more open, and believes that nearer the time of the announcement on the Dock Work Regulation Act Ministers should consider whether the prospective situation in the docks makes it an appropriate

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time also to announce an inquiry into the Scheme (paras. 3.5 - 3.12A).

- (c) Loans: we consider that the Government should retain their powers to make loans to ports under the Harbours Act 1964 and the Harbours (Loans) Act 1972 because they may have a legitimate role as lender of last resort in exceptional circumstances. But we recommend that the Government should pursue a firm line of requiring ports to go to the market for their loan finance as a general rule (para 3.13-3.20).
  
- (d) Applications for Government Grant: Greater clarity is required about the criteria to be applied to applications from ports for Government financial assistance. We suggest that all applications should be evaluated by reference to:
  - (i) the likely scale and duration of the assistance required;
  - (ii) the port's prospects of becoming and remaining viable;
  - (iii) relevant foreseeable trends in trade and shipping patterns and technology.
  - (iv) implications of closure for port investment financed with the aid of public funds;
  - (v) the risk that closure would provoke a national dock strike.

The evaluation of other factors (such as the implications of closure for local industry or the supply of essential food-stuffs) may also be relevant in some cases. We have listed these other factors in Part III and we recommend that the Department of Transport should maintain,



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for each of the ports most at risk, the information which would enable applications for grant to be assessed quickly should the need arise (paras 3.21-3.26).

- (e) The ports most at risk: the Clyde, Manchester and Bristol are the ports currently at most risk. Both the Clyde and Manchester have large liquid reserves and are engaged on major rationalisation programmes. Present indications suggest that both ports should be able to overcome their difficulties provided these programmes are successfully completed and the Clyde gets over its short-term cash flow problem. Bristol will remain in heavy deficit for the foreseeable future; but it is, and should remain, the financial responsibility of the City Council. Some other ports (notably Medway and Dundee) are struggling, but none is in imminent danger of collapse (paras 3.27-3.35).
- (f) Privatisation is clearly in line with the Government's objectives and policies for the industry. The British Transport Docks Board and the Sealink ports are to be privatised. Investors are unlikely, however, to regard ports generally as an attractive proposition until the industry has dealt with its manpower surplus and improved its productivity and industrial relations. And, until then, we can see no prospect of attracting the private sector back into cargo handling. The market may become more interested in ports when it has seen the results of the BTDB and Sealink privatisations.



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News that the Government were considering legislation to enable a wider programme of port privatisation could adversely affect those flotations.

We recommend, therefore, that Ministers should retain an open mind about the feasibility of a more extensive programme for the privatisation of port authorities and review the prospects again in a few years' time in the light of developments in the meantime (paras 3.36-3.41).

#### Secondary Issues

4.7. In Annex G we discuss some secondary issues. Our comments on them are summarised below:

- (a) Should the Conservancy Function be separated from the other responsibilities of port authorities?

We have not found convincing arguments of efficiency to justify separating compulsorily the responsibility for conserving and regulating the navigation from the cargo handling function and the provision of port facilities. (Annex G, paras 2-9).

- (b) Appeals against port charges: the statutory right of objection to port charges should be kept under review to see whether it has adverse effects on the ports industry or imposes disproportionate costs on the Department of Transport (Annex G, paras 10-12).

- (c) Local Employment and Industry: few generalisations can be made about the importance of ports to local employment and industry. Clearly, however, when a

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port is in trouble and seeks Government financial assistance, evaluation of these local factors may have an important influence on the Government's response. As recommended in para 4.6(d) above, the Department of Transport should assemble information about the local significance of the ports most at risk and should up-date the information periodically (Annex G, paras 13-15).

- (d) "The Grid System": while the grid system has helped to distort competition between ports, it seems at present to be operating in the overall interests of British industry and of the regions farthest from the south east and East Anglia (Annex G, paras 16-18).
- (e) Management Training and Development: the ports industry should devote more thought to identifying its future requirements for managers, ensuring that good people are recruited and that, once recruited, managers receive proper development and training. The Department of Transport (in consultation with the MSC) should continue its discussions about this with the British Ports Association, should monitor the progress made by the industry in management training and development, and should apply pressure or provide support as appropriate (Annex G, paras 19-21).



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- (f) Productivity Studies: the Department of Transport is already monitoring the study by the Port Users Consultative Committee of comparative container berth performance and should continue to exert pressure on the BPA to produce proposals for other exercises aimed at improving productivity (Annex G, paras 22-24).

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PORTS POLICY REVIEW COMMITTEE  
MEMBERSHIP AND TERMS OF REFERENCE

Membership

Department of Transport (in the chair)  
HM Treasury  
Central Policy Review Staff  
Department of Employment  
Department of Trade  
Department of Industry  
Ministry of Agriculture, Fisheries & Food  
Scottish Office  
Welsh Office

Terms of Reference

The Committee set itself to:

- (a) draw up a statement of the Government's objectives and policies for the British ports industry;
- (b) identify and examine the constraints on the achievement of these policies and objectives;
- (c) suggest a framework within which applications should be considered for Government financial assistance to ports which get into trouble; and
- (d) report the Committee's conclusions and recommendations.



## THE MAIN COMMERCIAL PORTS

This Annex lists Britain's 20 main commercial ports, using 1980 statistics. They are set out in order of the total tonnages they handled. But it needs to be noted that while petroleum accounted for about 60% of total tonnage, its handling is concentrated in a comparatively few ports. The list shows, therefore, not only total tonnage for each port but also petroleum and non-petroleum tonnages.

PORT	1980 TONNAGES (million tonnes)		
	TOTAL	NON-PETROLEUM	PETROLEUM
1. London	54.2	29.7	24.5
2. Tees & Hartlepool	39.4	9.7	29.7
3. Milford Haven	39.3	0.2	39.1
4. Shetlands	29.4	0.8	28.6
5. Forth	28.8	3.6	25.2
6. Southampton	24.0	5.0	19.0
7. Grimsby/Immingham	22.0	9.8	12.2
8. Orkney	17.6	0.2	17.4
9. Medway	17.2	5.2	12.0
10. Liverpool	13.5	8.9	4.6
11. Manchester	11.0	4.6	6.4
12. Clyde	7.0	4.4	2.6
13. Anglesey	6.8	-	6.8
14. Dover (also handled 11 million passen- gers)	6.7	6.5	0.2
15. Tyne	5.7	4.8	0.9
16. Felixstowe	5.4	4.9	0.5
17. Swansea	5.4	2.1	3.3
18. Bristol	4.9	3.8	1.1
19. Hull	3.8	3.4	0.4
20. Harwich	3.2	3.0	0.2
Total for 20 ports	345.3	110.6	234.7
All other ports	68.7	54.4	14.3
Total All Ports	414	165	249



## POWERS OF THE SECRETARY OF STATE FOR TRANSPORT

1. The Secretary of State for Transport has surprisingly few statutory powers in relation to harbours and harbour authorities.

Harbours Act 1964

2. His powers under this Act are as follows:

- (a) The authorisation of harbour development costing more than a sum fixed by Order. Currently, projects costing over £3m require authorisation by the Secretary of State. (Sections 9 and 10.)
- (b) The making of loans for the execution of capital works (section 11).
- (c) The making of harbour revision orders, on the application of a harbour authority, for a wide variety of purposes relating to the operation or improvement of a harbour. This power was introduced in 1964 as a quicker and cheaper alternative to Private Bill procedure. About 100 such orders have been made. (Section 14)
- (d) The making of harbour revision orders on his own initiative to reconstitute a harbour authority or regulate its procedure. This power has rarely been used. (Section 15)
- (e) The ability to withdraw from making appointments to the boards of the smaller ports. This power was introduced in 1981 (Section 15A).
- (f) The making of harbour empowerment orders, on the application of an intending operator, to create a harbour authority. This power too has been rarely used. (Section 16.)
- (g) The making of harbour reorganisation schemes, on his own initiative or that of any of the authorities which would be affected, which would create a new authority for a group of harbours or reallocate functions among the authorities



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within a group. This power was used in the 1960s to create some of the new estuarial authorities of that period. It cannot be used to break up an authority. (Section 18.)

- (h) The making of compensation regulations for the loss of office or employment as a consequence of harbour re-organisation schemes. (Section 19.)
- (i) Approval or reduction of ship, passenger or goods dues following an objection from an interested person. This appellate function was transferred to the Secretary of State when the National Ports Council was abolished. The NPC dealt with about 25 cases. So far, the Secretary of State has had to decide only one case. (Section 31.)
- (j) Obtaining information or forecasts from harbour authorities. This function was also transferred to the Secretary of State when the NPC was abolished. It is under this power that the Secretary of State collects port statistics. (Section 41.)
- (k) The making of regulations about the form and content of the accounts of harbour undertakers. It is hoped to bring into operation later this year a new version of this power, contained in the Transport Act 1981, which will provide for harbour accounts to be modelled more closely on Companies Acts accounts and reduce the role for Ministerial regulation. (Section 42.)

## Docks and Harbours Act 1966

3. Under section 2 of this Act, the Secretary of State has power to vary the application of the employer licensing scheme; and under sections 7 and 8, he considers appeals against the decisions of local licensing authorities on applications for licences to employ registered dock workers.

## Harbours (Loans) Act 1972

4. The Secretary of State has powers, under section 1 of this Act, to make loans to harbour authorities to enable them to pay or repay capital debts, temporary loans or overdrafts.



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Other Powers

5. The Secretary of State has powers, in accordance with the local legislation of particular harbour authorities, to appoint Board members to certain authorities. He has also taken powers to provide financial assistance to the Port of London Authority and the Mersey Docks and Harbour Company. In addition, the Secretary of State has statutory responsibilities for the British Transport Docks Board and Sealink.



GRANTS AVAILABLE TO PORT AUTHORITIES:  
AND LOANS AVAILABLE FROM THE EIB, AND ECSC

I - GRANTS

1. Industry Act 1972: UK Regional Development Grants under Part I of the Industry Act 1972 are given on capital expenditure on "qualifying premises" in Assisted Areas in which "qualifying activities" such as manufacturing are carried out. Grant can be paid to private or public trust ports for port development work if this takes place on "qualifying premises", although in practice this seldom happens. Local authority and BTDB ports are not eligible for RDG.
2. Selective assistance (in the form of grants or loans) under section 7 of the Industry Act can be given in Assisted Areas where the assistance is likely to provide, maintain or safeguard employment by way of promoting the development or modernisation of an industry, improving its efficiency, expanding productive capacity etc. Assistance is given only to viable bodies - those which after receiving assistance on a once-for-all basis can achieve and maintain profitability without continuing subsidies. The main emphasis is towards aiding successful companies, but assistance is sometimes given towards rescue operations. All applications are considered by the Industrial Development Advisory Board. Section 7 assistance has been given to only 2 ports - Mersey and Preston.
3. Grants under the Railways Act 1974: Grants may be made under section 8 for up to 50% of the cost of a private railway sidings and wagons. Both port authorities and port users are eligible for grant. The aim of section 8 is to encourage the transfer of freight from road to rail. The grants are solely concerned with environmental benefit and are not a subsidy to rail freight or industry. The main criteria are that:
  - (a) the provision of facilities will generate new rail traffic or retain an existing traffic on rail;



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- (b) the project will bring worthwhile benefits to localities otherwise affected by heavy lorries;
- (c) the facilities would not be provided in the absence of grant.

4. Section 36 of the Transport Act 1981 has extended similar grants to assist in the provision of facilities for freight haulage by inland waterway.

5. Coast Protection Act 1949: District Councils who are coast protection authorities (i.e. have a coast-line) may apply for grant from DOE towards the cost of coast protection works. Certain areas of shore are excluded from this provision - generally around the mouths of rivers. The grant - which is discretionary - is intended to reduce the burden on the rate-payers of works carried out for general benefit; where part of the benefit falls to a particular body, that body is expected to pay for its share of the works, and grant is paid only on the remainder. Ports become eligible for Coast Protection Grant only where they are operated by local authorities who are also coast protection authorities (e.g. Sunderland). In such cases there is generally an apportionment of benefit between the port and the general public, and grant is only paid on the benefit to the latter.

6. Local Employment Act 1972: Section 7 gives wide discretionary powers to any Minister, subject to Treasury consent, to advance loans or grants to promote the provision of basic services contributing to the development of industry in Assisted Areas. "Basic services" include the provision of transport facilities by water, road, rail or air. So far the only assistance given has been for roads, and only in one case has grant been paid to a port authority.

7. Grants and Loans from Local Authorities etc: Local authorities may offer financial assistance towards port projects. Recent examples include a loan on favourable interest and repayment terms to the trust port of Tyne, and the direct funding by a county council of 50% of the capital expenditure by a metropolitan district council port undertaking. Assistance may also be available in appropriate cases



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from bodies such as the Scottish or Welsh Development Agencies and the Highlands and Islands Development Board where port developments assist in improving the general economic wellbeing of the area.

8. Special grants to the PLA and Mersey: the Government are making grants to the PLA and Mersey to deal with the serious financial problems facing these ports as they deal with the major rationalisation and reductions in their workforces required to adapt the ports to modern needs and technology. The grants in part meet operating losses but are directed primarily towards the costs of severances of surplus labour. They are being paid under legislation, which sets a limit on the total sum available, specifically introduced to deal with these two ports, and are repayable in certain circumstances. The Government has set itself against extending similar help to other ports, and there is no proposal to introduce general legislation for financial aid to the ports industry in general.

9. EEC Regional Development Fund: public authorities in Assisted Areas, or those operating on a similar basis, may apply for grant from the ERDF towards the cost of providing infrastructure facilities which contribute to the development of the area or region in which they are situated. Schemes in SDAs and DAs have priority over those in Intermediate Areas. Generally, infrastructure projects have to satisfy the following criteria:

- (a) be a scheme in an Assisted Area which will proceed even without a grant;
- (b) be over a minimum cost of £50,000 in England and £32,000 in Wales and Scotland. (The £32,000 limit is one set by the Fund Regulations; the higher level in England is one set by DOE);
- (c) have a demonstrable link with the economic development of the area concerned;
- (d) be a new, forward-looking project without too large an element of maintenance or replacement;
- (e) benefit more than one user or industry.



Statutory port undertakings are regarded as akin to public authorities and hence all categories of ports are eligible to apply for grant, including statutory company undertakings such as Mersey, Manchester and Seaham. Grant is generally at the rate of 30% of the capital cost of the project, though there is provision under the fund regulation for grant to be paid as a 3% interest rebate on loans from the European Investment Bank. This latter method has not however been used by the UK as it is less advantageous than direct grant.

10. The ERDF also assists industrial projects which have received State regional aid. In the UK, this applies to projects which have received Regional Development Grant under the Industry Act. The industries concerned do not receive any further money; the ERDF grant is retained by DI as part reimbursement of the RDG.

11. The Fund regulations have recently introduced a non-quota section to provide finance for specific Community measures. Funds under this section are not limited to Assisted Areas and are currently being used in the UK for projects in areas suffering from steel and shipbuilding closures. The ERDF may also assist with up to 50% of the cost of feasibility studies into projects likely to be candidates for grant. Only one such study has so far been grant aided in the UK, though there is pressure to use this provision for a study of port expansion at Falmouth.

12. FEOGA: the Agriculture and Fisheries fund of the EEC operates a scheme which provides aid towards community projects which improve the conditions under which agricultural and fish products are marketed and processed. The scheme, which can assist projects at commercial and fishery harbours, is relevant more to port users than port authorities.

#### LOANS

13. European Investment Bank Loans: the EIB provides loans for up to 40% of the cost of a project, with a minimum loan of £600,000. Loans are made in a mixture of currencies, and repayments are made in the same mixture. So UK borrowers generally arrange exchange risk cover with the Bank of England to protect themselves against



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fluctuating currency values. The EIB requires a guarantee from borrowers; nationalised industries and major local authorities can act as their own guarantors, but others need to negotiate commercial guarantees. This has proved a problem for port authorities in the past, since the exchange risk cover is not transferable to the guarantor. In practical terms this means that EIB loans are more readily available to nationalised and local authority ports than to trust or company ports. In financial terms, however, the interest rate savings offered by EIB loans are offset by the cost of exchange risk cover; so they offer little attraction for port projects.

14. ECSC Loans: The European Coal and Steel Community also provides loans of up to 50% of the cost of projects involving coal or steel activities. These loans operate on a similar basis to EIB loans and appear to pose the same drawbacks.



PORT ADMINISTRATION IN OTHER MARITIME COUNTRIESA. Forms of Organisation

1. Although legal and administrative structures vary, it is possible to discern four main types of port organisation.

- (i) Municipal Ports: these come under the authority of a commune or other local authority. Examples can be found in all EEC countries except France and Italy. In many countries (e.g. Japan, Germany, Holland, Denmark) this is the most important organisational form.
- (ii) "Autonomous" Ports: these are of a public character. The founding statute normally provides for a measure of central government control and local representation. In practice, "autonomy" is often fairly strictly circumscribed and central or regional government can exercise a strong influence. This form of organisation covers the most important ports in France, Italy, Ireland and Denmark.
- (iii) "State" Ports: these are under the direct control of the State so far as the provision of infrastructure is concerned. In France and Italy all ports not having "autonomous" status are of this type. The form of state ownership and "control" characteristic of the BTDB and BR ports is peculiar to the UK.
- (iv) Private Ports: these are relatively rare outside the UK and are usually associated with specialist traffic to major manufacturing enterprises (e.g. oil and ore handling facilities).

B. Description by Country

2. Australia: Ports are a state rather than federal matter. Some are managed by departments of state governments and others by independent statutory boards. Investment is largely financed by loans approved by the Australian Loans Council on a state quota basis and projects are not examined in detail. There is a non-statutory Marine and Ports Council which advises the Government. With rare exceptions, cargo handling work at all Australian ports is carried out by private sector companies.



3. New Zealand: All ports in New Zealand are controlled by Harbour Boards whose members are elected by voters on the ordinary political franchise. The powers of these Boards are circumscribed as to investment, borrowing and tariffs by the New Zealand Ports Authority and the Minister of Transport. Power to approve, or reject or vary specific schemes rests with the NZPA; the Boards can appeal against such decisions to the Minister of Transport.

4. Canada: There are three main systems of port administration:

- (a) the 15 major ports come under the National Harbours Board with a very strong degree of central control;
- (b) a number of lesser, but still significant, ports are managed by Harbour Commissions established under the Canadian Harbour Commissions Act 1964;
- (c) there are over 300 "public harbours" which are small or specialised harbours under a variety of different kinds of administration.

5. The organisation of the ports in Canada is currently the subject of legislation which will dissolve the National Harbours Board and substitute independent Commissions for each of the major ports. It is also intended to create a Canadian Ports Commission which, as a Federal Public Service organisation, will be responsible to the Canadian Minister of Transport for national policy and planning and will also operate some public harbours and government wharves. The Commission will itself be advised by a Canadian Ports Policy Council.

6. Most cargo handling is carried out by private sector companies who generally lease berths but some is also undertaken by port authorities. The National Harbours Board operates some grain elevators and owns several common user berths and the Harbours Commission at Toronto directly employs all labour on the quayside.

7. USA: Most US ports are managed by small boards the members of which are appointed by state or city governments. In some cases the members are directly elected or appointed by other methods and a few ports are managed directly by state or city government. Both capital and maintenance dredging are undertaken by the US Army Corps of Engineers except in water areas in the immediate vicinity of a quay face.



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There is little direct federal interference in port administration except that dues levied, and leases granted are subject to the approval of the Federal Maritime Commission. The Commission's regulatory powers do not however apply to charges for cargo handling. Most cargo handling is undertaken by the private sector.

8. Japan: Most ports in Japan are under direct municipal administration. These are however divided into 4 classes as follows:

- (a) specially designated major ports;
- (b) major ports;
- (c) local ports;
- (d) ports of refuge (mainly for small craft)

with, in general, financial assistance being provided in that order of priority. Major port investment is heavily subsidised by the Ministry of Transport.

9. All major ports must, and local ports may, produce a "port and harbour plan" and must consult the local Port and Harbour Council, which has representatives of related organisations, when it is being produced or modified. All major ports are strictly supervised by the Ministry of Transport which may ask the port management to alter their plan. They also ascertain whether the plan conforms with the basic national plan for the development of ports and harbours.

10. In exercising its functions the Ministry is advised by the National Ports and Harbours Council on all major port development.

11. Harbour authorities may make such charges as they see fit subject to a right by users to object to the Ministry of Transport (but apparently there have never been any objections). Most cargo handling work is carried out by the private sector with terminals often being leased by the port authority.

12. Sweden: Nearly all ports in Sweden are under municipal control. There is a National Administration for Shipping and Navigation which controls charges and is responsible for indicative planning, on



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a national basis, for major port investment. Cargo handling is still mainly carried out by the private sector but harbour authorities are increasingly beginning to undertake this work themselves.

13. Denmark: There are three main types of port administration in Denmark. The most common are the municipal ports. These were established by Act of Parliament as departments of the city administrators and are directly responsible to the City Councils. The port of Esbjerg is state owned being administered by a local board responsible to the Ministry of Public Works. The port of Copenhagen, which is by far the largest in Denmark, is managed by an independent statutory board.

14. Major investment at all Danish ports is subject to approval by the Government on the advice of the Danish National Ports Council. Its members include representatives of ministries, ports and the private sector and one of its functions is to receive 3 year investment plans by ports and to advise the Minister of Public Works. Port tariffs are also subject to approval by the Government on the advice of the National Ports Council.

15. Most cargo handling at Danish ports is undertaken by the private sector.

16. Germany: For most purposes ports are a matter for the Lander rather than the Federal Government except that the latter is responsible for dredging and navigational aids in the approaches to ports and in some cases for sealocks and outer breakwaters.

17. Most German ports are not independent entities since their land and water generally belong to the Land, city or other local body within whose areas they lie. There are no independent port authorities (except for one small port belonging to a private sector company), port functions being exercised as integral parts of the territorial authority concerned. Thus Emden, Brake and several other ports belong to a "Land". Bremen and Bremerhaven belong to a municipality as do several others. Hamburg, by far the largest port in Germany, is unique in that the Land and the city co-incide.



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18. Most cargo handling at German ports is undertaken by the private sector but at Bremen and Hamburg the major port operator is a company wholly owned by the City Government.
19. Holland: There are two types of administration in Holland. Some ports including the great port of Rotterdam, are municipally owned and some are managed by independent statutory boards which include representatives of the national government, the province and the municipality concerned.
20. Major investment requires the approval of the provincial and national government (usually more on grounds of regional and industrial planning than on those of economic or financial viability). Charges also require the approval of the provincial and national governments.
21. Marine approaches are the responsibility of the Rijkswaterstaat, a body responsible for public works in general and particularly for the maintenance of canals and waterways throughout Holland, but the port authority is required to contribute towards the cost.
22. Most cargo handling at Dutch ports is undertaken by the private sector.
23. Belgium: 99% of Belgian traffic is handled by the four ports of Antwerp, Gent, Ostend and Zeebrugge. Of these the first three are municipal. At Zeebrugge the port is governed as a public body along the lines of a private sector company whose directors are nominated by the state, the city and the other shareholders.
24. The national government is responsible for marine approaches, navigational aids and sealocks and also makes very substantial grants towards the costs of port infrastructure. All cargo handling is carried out by private sector companies usually at leased berths or terminals. At Antwerp the operation of leased berths and terminals is closely monitored by the port authority.
25. A National Commission on Port Affairs has been set up to advise the relevant Belgian Minister on a Belgian ports plan.



26. France: In France the 6 major ports are each managed by a statutory board which purports to be autonomous and includes representatives of relevant local interests. However, a good proportion of the members of these boards are civil servants appointed by the national government as also, in each case, is the Director General. Furthermore under the instruments establishing these boards, the government may intervene to dissolve them or change their constitutions. In short, there is<sup>a</sup> very strong measure of central government control. Port investment at these major ports is heavily subsidised by the government.

27. Provision of infrastructure at all other ports is controlled by central government, usually through the prefect's office. The operation of these ports is often placed in the hands of local chambers of commerce which in France have statutory powers and rights.

28. Italy: Here the administrative structure is similar to the French model, the seven major ports being operated by "autonomous" public authorities. The remainder are managed directly by the state through local administrative offices.

### C. Powers and Responsibilities

29. Variations in national practice and between countries are considerable, and it is necessary to review these in respect of different aspects of port operations and the provision of diverse types of facility.

30. Maritime Access: (Access channels, lights, buoys, navigational aids, sea locks, exterior breakwaters. Details of provision are set out in Tables D1 - D3.)

31. Generally governments or other public authorities finance the lights and buoys outside the port area throughout the Community. For all other matters concerned with maritime access there is a clear distinction between practice in Denmark, Ireland and Great Britain, and the other member states. In the former, the cost of creating and maintaining maritime access channels, lighting and buoying inside the port, building and maintaining sea-locks and



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exterior breakwaters (where relevant) is borne entirely by the port authority with no financial assistance of any kind.

32. In the other member states there is considerable variety of practice. In Germany the Federal Government is generally responsible for all these facilities outside the port; within the port the relevant territorial authority is responsible; this applies especially to sea-locks.

33. In Belgium, the national government is responsible for the entire initial cost of sea-locks and exterior breakwaters, and for the initial investment and maintenance costs of the maritime access channels. The municipalities (port authority at Zeebrugge) are responsible for lighting and buoying within the port and for the maintenance of sea locks and exterior breakwaters.

34. In France, Italy and the municipal ports of the Netherlands, the national government is responsible for the greater part of the initial cost of investment in all the above facilities, and is responsible for the entire cost of their maintenance. The balance of the initial investment cost is borne by the port authority in the French and Italian autonomous ports, by the "Havenbedrijf" in Rotterdam and the municipality in Amsterdam. In the state ports the balance is found by bodies such as the chambers of commerce (France) or by the communes and provinces (Italy). In the Dutch "Havenschappen" the financing of maritime access facilities is borne partly by the Belgian central government and partly by the Dutch central government (namely at Terneuzen and at Flushing). At Delfzijl, the financing is borne jointly by the "Havenschap", the central government, the province and the municipality, with the exception of the maritime access channel itself which is entirely financed by the central government.

35. Superstructure: The pattern for the financing of port equipment and other superstructure installations varies considerably, both from one state to another and often within any one country's ports.

36. In Belgium, Denmark, Germany and the Netherlands the greater part of the superstructure is, in general, financed and operated by the private sector. There are notable exceptions in all Belgian ports



and in most Danish ports where the cranes are mostly controlled by the port authority. In France the port authority in the autonomous ports and the Chambers of Commerce elsewhere are in most cases entirely responsible except where highly specialised equipment is involved. In Great Britain and in Ireland the port authorities are financially responsible for most of the superstructure but some of the specialised installations are financed by the private sector. In the Italian autonomous ports most of the superstructure and equipment is financed by the State and/or by the port administration. In the other ports the State is responsible. Private undertakings can be responsible for such installations if the appropriate authority has granted them a concession. In most cases these are such specialised installations as silos and warehouses and mobile cargo-handling equipment.

37. Services to Shipping: Here the private sector plays a dominant role. Thus unballasting & degassing (with some minor exceptions in France), ship repair, scaling, cleaning, shipping agencies, ship brokerage, revictualling and bunkering are everywhere the responsibility of the private sector.

38. Pilotage associations or similar bodies are responsible for pilotage in the access channels or at sea (where relevant) in all ports except Aarhus and the Irish ports (where the port authority is usually also the pilotage authority), and the Belgian and Dutch ports (where the State assumes the task). Pilotage within the docks is organised on similar lines but in Belgium the dock pilots are privately organised, in Rotterdam the "Havenbedrijf" is responsible and in Hamburg the responsible public authorities provide the dock pilotage service. No distinction is made between dock and sea pilotage at Irish ports.

39. Towage is almost always organised by the private sector. In Belgium, however, depending upon the port, both private bodies or port authorities may be responsible for the service. In Aarhus, the port authority is responsible and in Great Britain and Ireland the port authority sometimes provides towage within the port. Dry Docks and slipways are usually provided by the private sector.

40. Cargo Handling: Here at least there is in most countries a clear cut national picture. Thus in Belgium, Denmark and the Netherlands all such services are provided by the private sector.



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The same is true of Germany (with the exception of the ro/ro service at Cuxhaven operated by the Land), France (with the exception of the ro/ro service at Cherbourg) and Ireland (with the exception of certain warehousing, and groupage activities carried out by the port authority). In Great Britain, in contrast, 60-80% of cargo-handling is carried out by the port authorities, the balance by the private sector. In Italy there is no clear cut pattern.

41. Firefighting services are everywhere primarily the responsibility of the municipality or other local authority or of the state, frequently backed up by private bodies and specialised services from the port authority including the Harbourmaster's Department. Police services are usually provided by the bodies responsible in the port locality i.e. sometimes State, sometimes provincial and sometimes municipal police services. The police services may be backed up by private security organisations. Only in Great Britain is there a large number of ports with their own police services. Dublin also has its own port police service. In all countries the Harbourmaster's Department is responsible for certain maritime policing activities. Medical services are usually provided by state, provincial, municipal and private bodies and the port authorities. In most countries, the State provides the port health authority (sanitary and ship inspection etc). Pollution control is usually the joint responsibility of the state, local and regional authorities and the port administrations.

42. "In-Port" Infrastructure: This concerns the port itself and includes basic infrastructure i.e. the docks, quays, back-up land together with reclaimed land. In this area the port authorities themselves are solely responsible for the cost in Great Britain, Denmark and Ireland. In Germany, the public sector ("Land", province or commune) is usually responsible. In the Netherlands, the "Havenbedrijf" is entirely responsible in Rotterdam and Amsterdam. In the "Havenschappen" the central government, the province, the commune and the "Havenschap" itself share the cost. In the French and Italian autonomous ports, the cost of financing and maintaining these works is shared between the port authority, the central government, the province and the commune in varying proportions, often fixed on an ad hoc basis at the time that the construction concerned is decided upon. In the Belgian ports,



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the cost of investment for docks and quays is shared between the port authority and the central government. Land and the maintenance of all items of port infrastructure are the responsibility of the port authority. In the French and Italian "state" ports the financing, also in varying proportions, is shared between the central government and the chambers of commerce (France) and the communes and provinces (Italy).

43. In addition, there are cases where the port infrastructure is not provided by the public sector but completely or partly by private undertakings. This is especially true for the few private ports. Furthermore, there are also specialised installations which, as part of an industrial undertaking, are financed by that undertaking e.g. often the case with oil terminals. Finally there are also privately owned, multi-user, specialised terminals, for example for container and ro/ro operations and others.

### D. Finance and Revenues

44. Dues and Charges: Naturally a great variety of systems is applied in levying dues and charges. No general rules can be laid down and detailed description of charges country by country would be complex and tedious. In most EEC countries the authority responsible for the port (state, commune or port authority) usually has considerable latitude for fixing charges, although in some cases subject to various controls or rights of appeal by users. In Italy dues and charges are generally determined and collected by the state and only a part is paid over to the port authority. In Denmark they are fixed by the state but accrue to the port authority. In France they are closely controlled by the state but usually paid to those public authorities or public bodies which help finance port investments.

45. One outstanding characteristic of the structures of charges is that in most countries, apart from the UK and Eire, lighting charges are not levied and Marine lighting is generally provided by the state and funded out of general taxation.

46. Finance and Accounting: Financial practice also varies widely, but port accounting usually follows normal practice in the country



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concerned. No annual accounts are published for the Italian state ports or the non autonomous ports in France, their financial affairs being subsumed in state budgets. In Germany and Belgium port accounts are generally included in the accounts of the relevant municipality.

47. In most cases cargo handling companies are treated on a basis comparable to other commercial enterprises, and they and other companies providing services to shipping are usually distinct from the port authority for accounting purposes.

48. Depreciation: There are no rules or general practices. In Germany and Italy no provision is made for depreciation. Elsewhere depreciation is usually on a historic cost basis.

49. Return on Investment: Where substantial contributions are received from the state towards infrastructure costs these are generally excluded when establishing financial criteria. In most countries therefore port authorities are only required to allow for their own participation when calculating their capital and operating expenditure. This obviously confers considerable advantages on ports outside GB, Eire and Denmark.

50. Loan Finance: Denmark is unique amongst EEC countries in providing low interest loans to its port authorities. Elsewhere ports generally have to borrow at near commercial rates and frequently in the open market for that part of their expenditure not covered by grants.

51. Taxation: Port administrations are not in general liable to profits tax outside the UK and France.



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TABLE E3

MARITIME ACCESS CHANNELS			
Country	Cost of Investment	Cost of Maintenance	Remarks
BELGIUM	100% National Government	100% National Government	Some responsibilities shared with Dutch government
DENMARK	100% Port Authority	100% Port Authority	
GERMANY	100% Federal Government outside port 100% relevant territorial authority within the port	100% Federal Government outside port 100% relevant territorial authority within the port	
FRANCE			
Autonomous ports	80% National Government 20% Port Authority	} 100% National Government	
Non-autonomous ports	30-50% National Government Balance Chamber of Commerce	}	
IRELAND	100% Port Authority	100% Port Authority	
ITALY			
Autonomous ports	National Government + Port Authority in varying proportions	Varies but in general the National Government pays	
State ports	80% National Government 20% Communes + Provinces	100% National Government	
NETHERLANDS			
"Havenbedrijven"	2/3 National Government 1/3 "Havenbedrijf" (Rotterdam) or Municipality (Amsterdam)	} 100% National Government	"Havenbedrijf" in Rotterdam responsible for entire initial cost of access channel for ships drawing over 57'
"Havenschappen"	100% National Government	}	
GREAT BRITAIN	100% Port Authority	100% Port Authority	



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## LIGHTS, BUOYS AND NAVIGATIONAL AIDS

TABLE D2

Country		Cost of Investment	Cost of Maintenance	Remarks	
BELGIUM	outside port	100% National Government	100% National Government 100% Municipality/Authority		
	inside port	100% Municipality/Authority			
DENMARK	outside port	100% National Government	100% National Government 100% Port Authority		
	inside port	100% Port Authority			
GERMANY	outside port	100% Federal Government	100% Federal Government 100% relevant territorial authorities		
	inside port	100% relevant territorial authorities			
FRANCE	autonomous ports	outside port	100% National Government		
		inside port			
	non-autonomous ports	outside port			
		inside port			
IRELAND	outside port	100% Commissioners of Irish Lights (1)	100% Commissioners of Irish Lights		
	inside port	100% Port Authority			
ITALY	outside port	100% National Government	100% National Government		Except at Genoa
	inside port				
NETHERLANDS	"Havenbedrijven"	100% National Government outside the port - Position within ports varies from port to port	100% National Government outside the port - varying responsibility within the ports	Except radar	
	"Havenschappen"				
GREAT BRITAIN	outside port	Mostly Trinity House (2), sometimes Port Authority or similar body	Mostly Trinity House, sometimes Port Authority or similar body 100% Port Authority		
	inside port	100% Port Authority			

- (1) A statutory organisation responsible for all navigational aids around the coast of Ireland other than those for which the port authorities are responsible
- (2) Trinity House is a non-statutory private guild responsible for the pilotage in the Thames estuary and in 40 other ports and for most lighthouses



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TABLE E3

SEA LOCKS AND EXTERIOR BREAKWATERS					
Country		Cost of Investment	Cost of Maintenance	Remarks	
BELGIUM	Locks	100%)	National Government	100% Municipality/Authority	
	Breakwaters	100%)			100% Authority
DENMARK	Locks	100%)	Port Authority	100%)	
	Breakwaters	100%)			100%) Port Authority
GERMANY	Locks	} "Länder" and Communes	} "Länder" and Communes	Only one sea-lock at Wilhelmshaven: responsibility of the Federal Government	
	Breakwaters				
FRANCE	autonomous ports	Locks	} 80% National Government	} 100% National Government	
		Breakwaters			} 20% Port Authority
	non-autonomous ports	Locks	} 30-50% National Government		
		Breakwaters	} Balance Chamber of Commerce		
IRELAND	Locks	100%)	} Port Authority	} 100% Port Authority	
	Breakwaters	100%)			
ITALY	autonomous ports	Breakwaters	National Government and Port Authority in varying proportions	varies but in general the National Government pays 100% National Government	
		State ports	Breakwaters		80% National Government 20% Communes + Provinces
NETHERLANDS	"Havenbedrijven"	Locks	2/3 National Government	} 100% National Government	
		Breakwaters	1/3 Municipal (Amsterdam only) 2/3 National Government		
	"Havenschappen"	Locks	} varies from port to port	} varies from port to port	Rotterdam has no sea-locks
		Breakwaters			
GREAT BRITAIN	Locks	100%)	} Port Authority	} 100% Port Authority	
	Breakwaters	100%)			



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TABLE D4

DOCKS, QUAYS, RECLAIMED LAND ETC.			
Country	Cost of Investment	Cost of Maintenance	Remarks
BELGIUM	60-100% National Government Balance municipality/authority	100% Municipality/Authority	
DENMARK	100% Port Authority	100% Port Authority	
GERMANY	100% "Land" or Commune	100% "Land" or Commune	
FRANCE			
autonomous ports	Docks, quays etc. 60% National Government, 40% Port Authority Reclaimed land - each case treated separately	100% Port Authority	
non-autonomous ports	30-50% National Government Balance Chamber of Commerce	National Government and Chamber of Commerce in varying proportions	
IRELAND	100% Port Authority	100% Port Authority	
ITALY			
autonomous ports	National Government and Port Authority in varying proportions	Port Authority with an annual contribution from the State	At Genoa this figure is fixed at 100 million lire p.a. by the Law of 1962 and falls far short of current costs.
State ports	80% National Government 20% Communes + Provinces	100% National Government	
NETHERLANDS			
"Havenbedrijven"	100% Port Authority	100% Port Authority	
"Havenschappen"	Cost shared by Port Authority, Central Government, Province + Commune	Cost shared by Port Authority, Central Government, Province + Commune	
GREAT BRITAIN	100% Port Authority	100% Port Authority	

Note : This table does not cover jetties and specialised terminals or docks, quays and reclaimed land owned by the private sector



## DESCRIPTION OF THE DOCK LABOUR SCHEME AND THE NATIONAL VOLUNTARY SEVERANCE SCHEME

1. This Annex is purely descriptive. It outlines the main features of the Dock Labour Scheme. It also describes the National Voluntary Severance Scheme.

The Dock Labour Scheme

2. The first serious effort to regulate numbers of dockers was made in Liverpool in 1912. The scheme was voluntary. One of its principal features was the registration of workers to identify those entitled to seek work within the port. The registration system was extended during the 1914-18 war, when Joint Committees were set up in the larger ports to advise Government on release of men for the forces and subsequently to limit the number of demobilised men seeking casual work. The Shaw Inquiry (1919) regarded registration as "the beginning of a remedy" for the drastic conditions then prevailing in the industry. Nevertheless progress towards establishing effective schemes between the wars was patchy.

3. The second world war brought about a transformation, making comprehensive provision for schemes and real moves towards decasualisation. In 1940 the first statutory schemes were introduced under an order requiring compulsory registration. In 1941 decasualisation schemes were extended to all major ports, providing a guaranteed weekly wage and imposing specific obligations on dockers. The schemes applying to the ports of Merseyside and Clydeside were under the control of the Minister of War Transport; those for other ports were administered by the National Dock Labour Corporation, a body formed for that purpose and composed mainly of employer and union members drawn from the industry, with a Chairman and Vice-Chairman appointed by the Minister of Labour.

4. The Dock Workers (Regulation of Employment) Act 1946 enabled schemes to be made "for ensuring greater regularity of employment for dock workers and for securing that an adequate number of dock workers is available for the efficient performance of their work". Employers



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and unions disagreed about the new regime to be applied, the employers believing that decentralised schemes should be run by port authorities, on the basis of joint consultation with trade unions. Following an independent inquiry by Sir John Foster, however, the Minister of Labour introduced the first national Dock Labour Scheme (1947), which retained the system of joint control between management and unions. The NDLC was replaced by the National Dock Labour Board. Registered dock workers were employed by the NDLB and allocated to cargo handlers (e.g. private stevedoring firms, port authorities).

5. A subsequent landmark in developing the scheme was the Devlin Inquiry (1965) which concluded that industrial relations, working practices and modernisation in the docks would improve if all rdws were offered employment on a permanent basis and the number of registered employers were greatly reduced. The 1967 scheme reflected the Devlin report and ended the role of the NDLB as a direct employer of labour (except for the rdws to be placed on a temporarily unattached register). A system of licensing, to reduce numbers of employers, was incorporated in the Docks and Harbours Act 1966.

6. In the late 1960s and early 70s, a crop of disputes arose over the definition of "dock work". The definitions introduced during the war were still largely in use (as indeed they are to this day). As a result of containerisation and the shift of traffic to the east and south coast ports, dockers were seeing jobs that were traditionally theirs go elsewhere. So, for example, there were stoppages in 1969 over the establishment of the Aintree Containerbase and in London over the move of Hay's Wharf out of dockland. The Bristow Inquiry subsequently recommended (in an unpublished report) the establishment of a "five-mile corridor" on either side of the Thames. In 1972 dock work again became an issue in relation to stuffing and stripping of containers and led directly to the national dock strike of that year, and to the London dock strike of 1975. The Dock Work Regulation Act 1976 was aimed at taking arguments about definitions out of the jurisdiction of the industrial tribunals, and removing them from the area of industrial dispute, by making the NDLB responsible for recommending to the Secretary of State what should be dock work. The Act provided for the Scheme to be extended to all "definable dock areas" within half a mile of a harbour or of harbour land. These provisions do not come



into effect, however, until Parliament has approved a new scheme. The draft scheme submitted to Parliament in 1978 was rejected. Ministers agreed last year that the 1976 Act should be repealed at an early date.

7. How the Scheme Operates: the scheme made in 1967 is still in force. It applies to about 80 ports and does not cover, for example, Felixstowe or Peterhead although it does catch ports nearby such as Ipswich and Aberdeen. This in itself is a source of legitimate criticism because it distorts competition between ports. Although amendments can be made to the list of ports to which the Scheme applies the procedure for doing so is cumbersome and only one port has been removed (Preston) and only one added (Hunterston).

8. The NDLB is responsible for operating the Scheme. The Board has an independent Chairman and Vice-Chairman, appointed by the Secretary of State for Employment; of the 12 other members, 8 are NJC nominees and 4 are "independents" appointed after consultation with the TUC and CBI. The functions of the NDLB are laid down in the Scheme and are broadly to:

- (a) maintain registers of rdws and employers;
- (b) regulate recruitment to and discharge from registers, and allocation of rdws to employers;
- (c) provide for the training and welfare of rdws, including medical services, insofar as this does not exist apart from the Scheme.

The Board is funded by a levy on employers. The rate of levy is selected by the Board and is currently 3¼% of gross wages. This produces an annual income of about £5m.

9. The NDLB does not negotiate terms and conditions of rdws. This is a matter for the National Joint Council for the Port Transport Industry, and its local negotiating bodies. Main conditions still negotiated at national level relate to severance, hours and holidays. Fall-back rates are negotiated locally for each port. Under the Scheme, local dock labour boards are given broad powers to operate



## CONFIDENTIAL

the Scheme (including its provisions on discipline) under the general supervision of the NDLB.

### Description of the National Voluntary Severance Scheme (NVSS)

10. In 1965, the National Association of Port Employers (NAPE) opted out of the Redundancy Payments Act and undertook to make its own arrangements for severance which would be no less favourable than those under the Act. The National Voluntary Severance Scheme came into being in 1969 to help meet that commitment.

11. The NVSS (although not part of the Dock Labour Scheme) is administered by the NDLB on behalf of the industry and financed by payroll levies on registered employers. The size of the levies is determined by NAPE, not by the NDLB. They vary between ports, depending on the state of individual port funds and their severance needs. All registered employers pay a national levy which is currently  $7\frac{1}{2}\%$ . In addition employers pay between  $\frac{1}{2}\%$  and  $4\%$  into local port funds. This produces in aggregate a current income of about £13m a year. Local funds are required to meet 40% of severance costs, the remainder coming from national funds. DE has continued to provide loan assistance to the NDLB to reduce the need for frequent changes in levies. Of the £13.5m loaned between 1969 and 1978 all but £200,000 (not due for repayment until February 1982) was repaid in full and on time. At present there is £53m of loan outstanding - most of it falling due for repayment in the second half of the 1980s. This total has grown and is growing rapidly.

12. The combined cost of the NVSS severance levy and the NDLB's administrative levy comes to about 14% of the total payroll of major ports such as the PLA, Mersey, Manchester, the Clyde and Bristol.



## OTHER CONSTRAINTS AND ISSUES

1 Part III sets out what we see as the main constraints on the achievement of the Government's objectives and policies. In this Annex we examine the extent to which some other factors may be a constraint

Conservancy Functions

2 Although the statutory powers and duties of port authorities are not uniform, many authorities have statutory responsibility for conserving and regulating the navigation within their jurisdiction. This is an important function because ships may not be able to use the navigation if it is not dredged, and land drainage may be impeded. Without buoys, lights and the regulation of shipping, navigation of the waterway may become dangerous. So when a port authority which has had responsibility for conservancy or regulation is to be wound up, new statutory provision is required to transfer the responsibility to someone else (e.g. another port authority or the Regional Water Authority).

3 We have considered whether the separation of these statutory conservancy obligations from port authorities' other functions would either help to improve efficiency or make the closure of a port easier

4 We deal with efficiency first. There is, in fact, no evidence that ports which do not have responsibilities for conserving and regulating the navigation are, for that reason, more efficient at cargo handling and other harbour operations than ports which have got those responsibilities. For example, Ipswich is a well run and profitable port, with no conservancy functions, but so is the Tyne, which has got conservancy responsibilities. Nor is there evidence that port authorities whose responsibilities are confined to conserving and regulating the navigation (e.g. Harwich Harbour Conservancy Board) are ipso facto better at the job than other port authorities which provide port facilities and cargo handling in addition to their conservancy functions (e.g. Tees and Hartlepool Port Authority).

5 We need look back only 20 years to a time when conservancy and other port operations were separated to a greater extent than they



are now. Commenting on the position in 1962, the Rochdale Committee said that "we have been impressed by the administrative advantages to be gained by port and conservancy responsibilities being unified under the same authority and we think there is a strong case for extending this arrangement to estuaries where it has not already been adopted" (Para 74 of Cmnd. 1824). Accordingly, the Harbours Act 1964 provided powers for port reorganisation schemes and a programme of amalgamations was carried through by the NPC with Government backing during the late 60s and in the 70s.

6. If there appear to be no strong arguments of efficiency for separating the functions, are there grounds for doing so in order to facilitate port closures? First, we need to be clear what we mean by "closure" and what the objective of closure would be. By closure we mean that the port would cease to handle cargo (or, at least, cargo handling by the current operators would cease) and associated facilities such as enclosed docks would be shut down. The objective would be to allow market forces to operate on an inefficient port or one that was no longer justified because of changes in patterns of trade, shipping and so on. But conservancy and regulation of the navigation would continue to be required (albeit on a different scale).

7. We very much doubt whether separation of conservancy/regulation is necessary (or would facilitate) closure as described above. Preston is a case in point. The port authority there handled cargo and provided port facilities as well as conserving and regulating the navigation. Despite repeated efforts at rationalisation, it became clear that the port was not viable. Accordingly, the Preston Borough Council promoted private legislation to empower them to close the port. Under the local Act (which was passed in 1981) the Council ceased to be a port authority and were given power to dismantle, demolish and remove from the port, or dispose of, all property owned by them. The Council retained, however, the statutory responsibility for lighting the river Ribble, while responsibility for the maintenance of the river's walls was transferred to the North West Water Authority.

8. The Preston case illustrates the point that amalgamation of functions under one authority is not a bar to closure of a port.



9. But that leaves unanswered the question whether port rationalisation or closure would be quicker and easier if cargo handling and the provision of port facilities were separated from the conservancy function. The question can be answered only if it is known who else would take on cargo handling and the provision of facilities. Of course, these functions could be given to another statutory body, specially created for the purpose in each port. But a new statutory body would be no easier to wind up than an existing port authority and we see no practical attractions in this idea. The alternative would be for the private sector to take over cargo handling and the provision of facilities. This possibility is discussed in paragraph 3.41 and we need repeat here only our conclusion that there seems no prospect of attracting the private sector back into cargo handling until the surplus of dock labour has been further reduced and the industrial relations regime in the ports has become closer to that in industry generally; even then, we doubt if the private sector would be likely to regard cargo handling as an attractive proposition.

#### Regulation of Port Charges

10. Because port authorities have a local monopoly, Parliament has created machinery for their ship, passenger and goods dues to be open to appeal to the Secretary of State. If any interested person objects to these charges, the Secretary of State may either approve the charges or direct that they be reduced by a specified amount and for a specified period. This accords with one of the Government's objectives (i.e. to ensure fair trading by ports (see para 2.2(f)) but conflicts to some extent with the policy of allowing market forces to determine the distribution of traffic (para 2.3(a)).

11. When the Transport Act 1981 was being prepared, consideration was given to the possibility of repealing section 31 of the Harbours Act 1964 which creates the statutory right of objection to port charges and empowers the Secretary of State to direct that they be reduced. It was concluded, however, that the section should be retained because:

- (a) there is undoubtedly an element of local monopoly, which could be abused;
- (b) there was no evidence that the existence and use of the section was causing the industry harm;



## CONFIDENTIAL

- (c) port users could be expected strongly to oppose repeal of the section.

(Until its abolition in autumn 1981, the NPC was responsible for deciding on objections to port charges and dealt with about 25 cases in all. The responsibility has now been transferred to the Secretary of State for Transport. So far, he has had to decide only one appeal.)

12. There are not sufficient grounds at present for suggesting that the conclusion to retain section 31 should be set aside. But we suggest that the Department of Transport should keep the operation of this provision under review to see whether it is having adverse effects on the industry or is imposing disproportionate manpower and other costs on the Department.

### Local Employment and Industrial Factors

13. Few generalisations can be made about the importance of ports to their localities. But, of course, the closure of a major port or its drastic rationalisation will have important consequences for local employment and could put out of business firms (e.g. in the timber trade) which depend on their proximity to the port. Much will depend on the nature of the cargo handled at the port. Inland movement of bulk commodities (e.g. coal, ore, grain) is expensive and difficult. So firms dealing in bulks prefer to use the nearest port and, indeed, may be heavily reliant on it if the port possesses a specialised handling facility, particularly when the user has paid all or much of the cost of building the facility. Inland transport of containerised traffic is, however, easy and quick. So it is far easier for shippers of unitised goods to switch from using one port to another.

14. There is no doubt of the value of ports in helping to attract investment from outside the UK to a particular region. Potential inward investors want to have good port facilities nearby so that they can both import basic materials or components and export finished products. The availability of these facilities is only one of many factors which influence decisions on location but it is nevertheless an important one - Fords of Bridgend, for example, cite the availability of port facilities as one of their reasons for choosing the Waterton site.



15. When a port is in trouble and seeks Government financial assistance, evaluation of local employment and industrial factors is likely to have a major influence on the Government's response. We believe, therefore, that the Department of Transport, in consultation with other interested departments, should assemble (and up-date from time to time) information about the local significance of the ports most at risk.

"The Grid System"

16. Few ports outside the south east and East Anglia are able to handle much of the "unitised" traffic originating in, or destined for, their locality.\* There are two main reasons for this:

- (a) The economic operation of large container ships requires the minimum number of ports calls. Much larger flows of traffic are needed to meet the high capital costs of vessels and terminals. Increasingly, port choice has become the responsibility of the shipping line rather than the shipper.
- (b) With the advent of containerisation, therefore, the shipping conferences concentrated their operations through a very few ports. They feared that shippers would react badly to this, if, in spite of a reduction in the cost of the sea leg of the journey, inland UK rates were thereby increased. They therefore devised the "grid system". Under it all ports at which the conference had originally called became "base ports" and the only inland charge a shipper is asked to pay is the cost of road transport to his nearest base port, even if, for example, this is Greenock and the conference now only calls at Southampton. The actual rates charged to the shipper are based on an elaborate grid. In practice, the shipping company often carries a high proportion of the cost of the UK inland leg of the journey.

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\* For example, in 1978, only 37% of container, and 7% of RoRo, export traffic related to Scotland was handled by Scottish ports; and 52% container (no RoRo) import traffic to Scotland was handled by Scottish ports.



17. As road transport costs rise (e.g. because of higher fuel costs or EEC regulation of drivers' hours), the shipping conferences may become unwilling to go on operating the "grid system". The full cost of inland transport would then fall on the shippers and that might make use of the nearest suitable regional port more attractive.

18. We have considered whether the grid system is a significant constraint on the Government's port policies. Our conclusions are:

- (a) the grid system provides a valuable subsidy to firms in regions remote from the south east and East Anglia;
- (b) if the system were abolished, some firms would leave their present locations and re-site themselves nearer the south east;
- (c) while the grid system has undoubtedly helped to distort competition between ports, it seems at present to be operating in the overall interests of British industry and of the regions farthest away from the south east and East Anglia.

#### Management Training and Development

19. High standards of management are essential if the ports are going to increase their productivity, manage their financial affairs competently and make best use of the new technology now becoming available. But management training and development for the ports industry in this country compares poorly with that provided by our main European competitors.

20. Management training is relevant to the objective of encouraging the provision of a responsive, reliable and efficient service (para 2.2(b)) and to the policy that the ports industry itself should have the leading responsibility for improving efficiency (para 2.3(b)). So we believe it to be right that the Department of Transport should be concerned with management and training in the industry but that the responsibility for action should rest on the British Ports Association and the ports themselves.



21. We believe that the industry should devote more efforts to identifying its future requirements for managers, ensuring that good people are recruited to the industry and that, once recruited, they receive proper development and training. The British Ports Association has recently strengthened its own staffing in order to deal more effectively with training issues. We welcome this and consider that the Department of Transport (in consultation with the Department of Employment and the MSC) should continue its discussions of these matters with the BPA, monitor progress and apply pressure or provide support as appropriate.

Productivity

22. Average productivity in our ports is lower than it is in, say, Rotterdam, Hamburg or Zeebrugge. Figures collected by the NPC illustrate the poor relative performance of most of our deep-sea container terminals (although Greenock, it should be noted, is among the most efficient performers in Europe). The following table shows the rate per hour at which cranes moved containers for the Carol line between January and June 1980.

PORT	GROSS CRANE RATE PER HOUR
Greenock	17.21
PLA Tilbury	9.68
Seaforth	7.67
Bremerhaven	14.39
Hamburg	13.61
Zeebrugge	15.18
Le Havre	12.82

Note: "Gross Crane Rate Per Hour" gives the average rate per hour, throughout the time the ship was alongside, at which the cranes moved containers.

23. This disparity of performance cannot be attributed to differences in equipment or facilities at the deep sea container terminals. On the contrary it is a reflection on the efficiency and attitudes of management and dock-workers.



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24. The British Ports Association has set up a Port Users Consultative Committee on which it, the General Council of British Shipping and the shippers are represented. The Committee has begun a study of comparative performance at 6 major British container terminals. The Department of Transport is monitoring the progress of the study and is exerting pressure on the BPA to produce proposals for other exercises aimed at increasing productivity.

June 1982





MINISTRY OF AGRICULTURE  
FISHERIES AND FOOD

*Ind 25*  
*[Red arrow pointing right]*

*[Handwritten signature]*

WITH THE COMPLIMENTS  
OF  
SIR BRIAN HAYES KCB

WHITEHALL PLACE  
LONDON SW1A 2HH



SECRET



Ministry of Agriculture, Fisheries and Food

Whitehall Place

London, SW1A 2HH

Sir Brian Hayes, K.C.B.  
Permanent Secretary

21 May 1982

Dear Sir Robert

WITHSTANDING A DOCKS STRIKE

In response to your letter of 18 May to Douglas Wass, I should like to nominate George Jupe to represent MAFF on the Official Group on the Docks (MISC 78). He is the Under Secretary with responsibility here for Emergencies and Defence Planning.

Copies of this letter go to the other recipients of yours. Presumably other Departments with an operational interest, such as Home Office and Trade, will be brought in as necessary at a later stage.

pp BRIAN HAYES

Sir Robert Armstrong KCB CVO  
Cabinet Office  
70 Whitehall  
London SW1A 2AS



22-4 MAY 1982







6  
cc JV

10 DOWNING STREET

*From the Principal Private Secretary*

20 May 1982

SECRET AND PERSONAL

WITHSTANDING A DOCKS STRIKE

Thank you for sending me a copy of your letter of 18 May 1982 to Douglas Wass about the establishment of the Official Group on the Docks (MISC 78).

I should be grateful if John Vereker could be a member of Peter Gregson's Group.

I am sending copies of this letter to the other recipients of yours.

**C. A. WHITMORE**

Sir Robert Armstrong, KCB, CVO,  
Cabinet Office.

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Gortwick  
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Department of Employment  
Caxton House Tothill Street  
London SW1H 9NA  
Telephone 01-213 3000

*cc: SV*  
✓

Sir Kenneth Barnes KCB  
Permanent Secretary

D J Wright Esq  
PS to Sir Robert Armstrong KCB CVO  
Cabinet Office  
70 Whitehall  
LONDON SW1

*Des David*

MISC 78 GROUP

Sir Robert Armstrong copied to Sir Kenneth Barnes his letter of 18 May to Sir Douglas Wass. For this Department we should like to nominate Mr Matt Wake and Mr Ted Whybrew (Under Secretary and Assistant Secretary respectively, both of our Industrial Relations Division) as our representatives.

I am copying this letter to the Private Secretaries of those who received Sir Robert's letter.

*yours ever*  
*Peter McCarthy-Ward*

Peter McCarthy-Ward  
Private Secretary



5

SECRET AND PERSONAL



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 4581

*fu*

THE PERMANENT SECRETARY  
SIR PETER BALDWIN, KCB

David Wright Esq  
Private Secretary to  
Sir Robert Armstrong KCB CVO  
Cabinet Office  
70 Whitehall  
London  
SW1A 2AS

20 May 1982

*Dear David,*

WITHSTANDING A DOCKS STRIKE

Sir Peter Baldwin was grateful for a copy of Sir Robert Armstrong's letter of 18 May to Sir Douglas Wass about withstanding a docks strike.

Sir Peter would like to nominate Mr Giles Hopkinson, Under Secretary, Ports and Freight Directorate, to represent this Department on MISC 78.

I am sending a copy of this letter to the Private Secretaries of those who received Sir Robert's letter.

*Yours,*

*Nicholas Krohl*

N J KROHL



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Ind: Pol ✓



Sir Peter Carey K C B  
Permanent Secretary

DEPARTMENT OF INDUSTRY  
ASHDOWN HOUSE  
123 VICTORIA STREET  
LONDON SW1E 6RB  
TELEPHONE DIRECT LINE 7003  
SWITCHBOARD 01-212 7676

20 May 1982

D J Wright Esq  
Private Secretary to  
Sir Robert Armstrong KCB CVO  
Cabinet Office  
70 Whitehall  
LONDON SW1

Dear David

MISC 78 GROUP

Sir Robert Armstrong copied to Sir Peter Carey his letter of 18 May to Sir Douglas Wass. Sir Peter wishes to nominate Mr Jack Leeming (Under Secretary - Industrial and Commercial Policy B Division) as the Department of Industry representative.

I am copying this letter to the Private Secretaries of those who received Sir Robert's letter.

Yours sincerely,

P L BUNN  
Private Secretary



20 MAY 1982







MBRM

**CABINET OFFICE**  
*Central Policy Review Staff*

ms 19/5

With the compliments of  
John Sparrow

**GERRY SPENCE**

70 Whitehall, London SW1A 2AS  
Telephone 01-233 7765



Govt Mach

cc J.V.



CABINET OFFICE  
Central Policy Review Staff

70 Whitehall, London SW1A 2AS Telephone 01-233 7765

From: John Sparrow

Qa 05928

19 May 1982

*Dear David*

Withstanding a Docks Strike

Mr Sparrow has read a copy of Sir Robert Armstrong's letter of 18 May to Sir Douglas Wass and asked me to nominate Chris Beauman to represent the CPRS at MISC 78.

I am sending a copy of this letter to the Private Secretaries of those who received Sir Robert's letter.

*Yours ever*  
*G B Spence*  
G B Spence  
Private Secretary

David Wright Esq



Clive Whitmore Esq



CABINET OFFICE

*W. S. W.*  
*✓*  
*W*  
*W.*  
*PA*

With the compliments of  
Sir Robert Armstrong KCB, CVO  
*Secretary of the Cabinet*

70 Whitehall, London SW1A 2AS  
Telephone: 01-233 8319





cc JV

4

## CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-233 8319

*From the Secretary of the Cabinet: Sir Robert Armstrong KCB, CVO*

Ref. A08451

18th May 1982

Withstanding A Docks Strike

The Prime Minister has instructed that a study should be carried out immediately of withstanding a docks strike. We have, therefore, set up the Official Group on the Docks (MISC 78) for this purpose, under Peter Gregson's chairmanship. I am writing to invite you and copy addressees to nominate representatives to this new Group, preferably at Deputy or Under Secretary level.

The Group will need to complete its work in time for its report to be considered by Ministers before the Summer Recess, and I expect that Peter Gregson will therefore wish to convene an early first meeting. I should therefore be grateful if you could let me know by the end of this week who your representative will be.

I am sending a copy of this letter to Ken Barnes, Peter Baldwin, Brian Hayes, Peter Carey, Frank Cooper, Kerr Fraser, Clive Whitmore and John Sparrow.

ROBERT ARMSTRONG

Sir Douglas Wass, GCB





10 DOWNING STREET

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*From the Private Secretary*

MR. WRIGHT  
CABINET OFFICE

STUDY OF INDUSTRIAL ACTION IN THE DOCKS

The Prime Minister was grateful for Sir Robert Armstrong's minute of 11 May.

She agrees to your setting up an official group in the MISC series under Cabinet Office Chairmanship to carry out a study relating to industrial action in the docks, as proposed in Sir Robert's minute.

I am sending a copy of this minute to the Private Secretaries to the Home Secretary, the Chancellor of the Exchequer, the Secretaries of State for Defence, Scotland, Industry, Energy and Employment and to Mr. Sparrow in the CPRS.

MCs

12 May 1982

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Ref. A08374

PRIME MINISTER

Prime Minister

Agree to a MLSC group being set up to plan how to withstand a dock strike?

Study of Industrial Action in the Docks

Mus 11/5

I sent to you with my minute of 4 May a report by officials recommending that the next group of studies on withstanding strikes in key sectors of the economy should be into the electricity and gas industries, oil distribution, the ports and industrial gas production, in that order of priority. Mr Scholar's minute of 5 May recorded your approval of this programme.

2. After that report was prepared, the threat emerged of a national dock strike starting on 10 May. As the Secretary of State for Employment has reported, the threat is now being suspended in the light of an undertaking that the Government would be prepared to discuss and consider any specific and detailed proposals for extending the National Dock Labour Scheme to particular ports or wharves, whilst giving no encouragement to think that an extension of the scheme was likely to be justified. There could, however, come a time later this year when the TGWU will press for a decision on specific proposals and a refusal by the Government to meet their wishes will be met with a renewed threat of industrial action. There may also be some other issues arising out of the run down of particular ports, or inter union rivalries, which could increase the risk of industrial action in the docks over the next year or so.

3. In the light of these developments there seems to be a strong case for putting in hand a study relating to industrial action in the docks immediately. The other studies listed in the programme which you have approved would be undertaken as soon as that has been completed.

4. Previous studies of this sort have concentrated almost exclusively on the measures which might be taken both before and during a strike to prolong endurance. In the case of the docks, however, we shall need to take into account the review of ports policy and the future of the Port of London Authority and the Mersey Docks and Harbour Company which will shortly be under discussion in the Ministerial Sub-Committee on Economic Affairs. It would be useful if the study considered whether, consistently with our policy objectives, there are





strategies and tactics which might be pursued in the future which would lessen the risk of major industrial action in the industry.

5. I should be grateful for your agreement to the setting up of an official group in the MISC series, under Cabinet Office chairmanship, to carry out a study relating to industrial action in the docks, on the lines proposed, as soon as possible.

6. I am sending a copy of this minute to the Home Secretary, the Chancellor of the Exchequer, the Secretaries of State for Defence, Scotland, Industry, Energy and Employment and to Mr Sparrow in the CPRS.

RIA

ROBERT ARMSTRONG

11 May 1982



SECRET

PA  
MR. SCHOLAR

Study of industrial action in the docks

I support the recommendation in Robert Armstrong's note to the Prime Minister today, that the first of the next group of studies on withstanding strikes be done on the docks, thus relegating electricity and gas to second and third places respectively. And I am sure it is right for the study to range quite widely into the questions of the strategies and tactics in dealing with the docks industry. The recent industrial action scare has I think brought home to us all the need to have a clear view of how we are going to handle the docks over the next few years, and what the risks are if industrial action does take place.

J.V.

John Vereker

11 May 1982

SECRET



PART 1 ends:-

5.5.82

PART 2 begins:-

6.5.82



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