

PRIME MINISTER

LONDON TRANSPORT AND THE GLC

I attach the final text of Mr. Howell's Statement. He had a rough passage in the House, with the Opposition setting out to undermine him.

Albert Booth described the legislative proposals as totally inadequate. All metropolitan authorities required a legal framework for sensible transport policies. Nobody had yet analysed the impact on traffic of the 100% fares increase. Mr. Howell emphasised that someone had to look after the ratepayers' interest. He could not be drawn into matters of the GLC's expenditure priorities, but was simply offering help in two specific directions raised by Mr. Livingstone.

Terence Higgins, echoed by Michael Shersby and others, argued that even the revised arrangements would be unfair to local authorities with large concentrations of pensioners, who could not afford such generous concessions. Hal Miller emphasised that the legislative proposals would only allow the GLC to subsidise free pensioner travel, but would not provide central Government funding for this.

Various Opposition parties pressed for a properly subsidised transport system. George Cunningham pointed out that every other major European capital used subsidies. Nigel Spearing said that the real issue was the balance between the cost of public and private transport. Various commuter belt Members raised the specific problems faced by their constituents, whilst Douglas Hogg suggested that the real issue was finding a better form of local tax, with which to allow local authorities to provide a reasonable degree of subsidy.

Mr. Howell was not entirely convincing, and the Opposition will continue to press for much greater Government involvement.

STATEMENT

LONDON TRANSPORT AND THE GLC

Before Christmas I told the House that I was not prepared to legislate to let the GLC go back to their unbalanced transport policies which placed such huge burdens on ratepayers.

I said however that I was willing to see the GLC leader anytime if they had problems. Since then Mr Livignstone and other GLC leaders have come to see me and explain their problems.

In immediate response to these the Government is prepared to act in two respects.

First, although the GLC have powers under the Local Government Act 1972 to spend up to the product of a 2p rate which could be used to finance concessionary fares for the elderly it is clear that they are not prepared to use those powers for this purpose. Nor are the London boroughs able to get a concessionary fares scheme worked up in time.

I have therefore stated the Government's willingness to legislate to give to the GLC the same powers as other local authorities have, to operate a concessionary fares scheme.

Second, the high cost and low fares policies of recent months have led to a large accumulated deficit. I have said that we would be prepared to legislate to let LT pay this off over a reasonable period.

Regrettably the GLC has had to raise fares 100% not just to get back to 1980 levels but to pay for the heavy costs of inefficiencies imposed on LT in recent months.

But in the Government's view there is no need for further large increases in 1982. Talk of this, or of large scale redundancies, is alarmist.

The GLC leaders have indicated their wish to come for further talks on the future of London's transport system in the longer term. I welcome these as providing an opportunity for constructive discussion on the needs of the public in London and how these can be best met and financed.

DRAFT STATEMENT

Before Christmas I told the House that I was not prepared to legislate to let the GLC go back to their unbalanced transport policies which placed such huge burdens on ratepayers.

I said however that I was willing to see the GLC leader anytime if they had problems. Since then Mr. Livingstone and other GLC leaders have come to see me and explain their problems.

In immediate response to these the Government is prepared to act in two respects.

First, although the GLC have powers under the Local Government Act 1972 to spend up to the product of a 2p rate which could be used to finance concessionary fares for the elderly it is clear that they are not prepared to use those powers for this purpose. Nor are the London Boroughs able to get a concessionary fares scheme worked up in time.

I have therefore stated the Government's willingness to legislate to give to the GLC the same powers as other Local Authorities have, to operate a concessionary fares scheme.

Second, the high cost and low fares policies of recent months have led to a large accumulated deficit. I have said that we would

/ be prepared

be prepared to legislate to let LT pay this off over a reasonable period.

Regrettably the GLC has had to raise fares 100% not just to get back to 1980 levels but to pay for the heavy costs of inefficiencies imposed on LT in recent months.

But in the Government's view there is no need for further fare increases in 1982. Talk of this, or of large scale redundancies, is alarmist.

The GLC leaders have indicated their wish to come for further talks on the future of London's transport system in the longer term. I welcome these as providing an opportunity for constructive discussion on the needs of the public in London and how these can be best met and financed.

London Transport

4.10 pm

The Secretary of State for Transport (Mr. David Howell): Before Christmas I told the House that I was not prepared to legislate to let the Greater London Council go back to its unbalanced transport policies which placed such huge burdens on ratepayers. I said, however, that I was willing to see the GLC leader at any time if he or his supporters had problems. Since then Mr. Livingstone and other GLC leaders have come to see me and explain their problems.

In immediate response to those problems the Government are prepared to act in two respects. First, although the GLC has powers under the Local Government Act 1972 to spend up to the product of a 2p rate, which could be used to finance concessionary fares for the elderly, it is clear that it is not in a position to continue relying on those powers alone for this purpose; nor are the London boroughs able to get a concessionary fares scheme worked up in time. I have therefore stated the Government's willingness to legislate to give to the GLC the same powers as other local authorities have to operate a concessionary fares scheme.

Secondly, the high cost and low fares policies of recent months have led to a large accumulated deficit. I have said that we would be prepared to legislate to let London Transport pay this off over a reasonable period. Regrettably, the GLC has had to raise fares 100 per cent., not just to get back to 1980 levels, but to pay for the heavy costs of inefficiencies imposed on London Transport in recent months. In the Government's view there is no need for further large increases in 1982. Talk of this, or of large-scale redundancies, is raising thoroughly unnecessary alarm. The GLC leaders have indicated their wish to come for further talks on the future of London's transport system in the longer term. I welcome these as providing an opportunity for constructive discussions on the needs of the public in London and how these can be best met and financed.

Mr. Albert Booth (Barrow-in-Furness): I welcome the Secretary of State's acknowledgement that it is necessary to legislate to deal with the massive problem created by a combination of the Lords' decision, the decision of his predecessor about fares policy, and the decision of the Secretary of State for the Environment to cut London's rate support grant. However, does he realise that most of the people who are concerned with this issue will regard his statement as inadequate to meet the problem? Does he accept that legislation is required to enable not only the Greater London Council but metropolitan authorities throughout the country, to continue sensible transport policies as a result of the Lords' decision? Does he further accept that legislation is required to prevent a 100 per cent. increase in fares and a 5 per cent. cut in services in London?

Will the right hon. Gentleman give the House a clear assurance that, as the Secretary of State for the Environment cut £110 million off London's rate support grant on the ground that its fares policy involved overspending, when the Greater London Council brings in the new fares policy involving a 100 per cent. increase in fares the Secretary of State for the Environment will restore that £110 million to the GLC? Will he also give us

Mr. Younger: I appreciate my hon. Friend's anxiety about the smelter in Anglesey. That is not directly affected by my statement, but I note what he says. Power prices are a matter for my right hon. Friend the Secretary of State for Energy and no doubt my hon. Friend will pursue him on that. It is worth pointing out that the Invergordon smelter—and I think that the Anglesey smelter is in a similar position—was already getting power at about half the cost charged to other industries. It is a different situation from power prices generally.

Several Hon. Members rose—

Mr. Speaker: Order. I intend to use the remaining time for those who have been seeking to catch my eye.

Dr. Jeremy Bray (Motherwell and Wishaw): What will be the impact of the settlement that the Secretary of State has reached on other electricity consumers in Scotland? Is it fair for Scottish consumers to pay such a large proportion of the cost of carrying spare electricity capacity in the United Kingdom as a whole?

Mr. Younger: It does not quite look like that from the electricity boards' point of view, because it is to Scotland's advantage to be able to sell electricity to other parts of the United Kingdom. That helps the finances of the Scottish boards.

Scotland benefits from the fact that a considerable proportion of our electricity is produced by hydro-electric power, which is very much cheaper than other forms of power. Despite all that I have said about nuclear power, it is considerably cheaper than coal, oil or gas.

Mr. George Foulkes (South Ayrshire): Will the Secretary of State stop talking about the closure as though it were caused by someone from Mars and accept that it is a direct result of Government economic policy? Is he aware that in the three months to the end of November we imported £61 million of worked aluminium and aluminium alloy, £11½ million of which was from East Germany? Is it right that we should import so much subsidised aluminium while Invergordon starves? What action will he take about that aspect?

Mr. Younger: The hon. Gentleman is absolutely right in saying that the situation is due to Government economic policy. That policy was carried out in 1968 and it led to the contract which has resulted in the present sad and disastrous position. On power prices, which lie behind the hon. Gentleman's remarks, the power contract that the company was operating, and on which it made a loss in every year except one, was already very much cheaper than those for other users. Imports are a matter for the aluminium industry to decide when considering how best to operate its affairs to keep all plants in operation. It should be borne in mind that the company still has 2,700 other jobs in Scotland, let alone those in England. Those people are still working and if the company had collapsed, they would all be out of work.

Mr. Gavin Strang (Edinburgh, East): Does the Secretary of State understand that this is the most disgusting and disastrous decision ever taken by the Government? It is socially and economically indefensible. Will he and the Secretary of State for Energy stop their pretence of scouring the world and face up to the fact that, if the Government decided to bring forward a revised power contract, the smelter could start up again next

a clear assurance that if the GLC—as I understand is its intention—operates the legal powers which he intends to confer upon it to provide from rates a fares concession for elderly people, that will not be held to be an increase in rates expenditure and thereby attract a further penalty from his right hon. Friend the Secretary of State for the Environment?

Can the Secretary of State for Transport give an estimate of how much extra it will cost London ratepayers to provide this concessionary travel arrangement for the elderly as a result of the increase in fares that has been forced upon them? Can he say how the fares requirement will be calculated for the repayment of the loan, in view of the fact that no one has any experience of the effect of a 100 per cent. fares increase and the drop in ridership that might result from that?

Finally, can he say how quickly this legislation will be introduced, bearing in mind that councils will have to take decisions within the next few weeks about their transport budgets for the coming year?

Mr. Howell: The right hon. Member for Barrow-in-Furness (Mr. Booth) has asked me a number of Questions. I begin by reiterating that, as I said before Christmas, it remains the intention of the Government not to propose legislation that would allow the GLC to go on crushing the ratepayers. If I may say so, it was surprising that the right hon. Gentleman omitted to express any sympathy for the plight of the ratepayers, or the fact that many of them were elderly people who were frightened by some of the enormous rate increases that were proposed.

I shall try to answer as many of the right hon. Gentleman's questions as I can. The 100 per cent. fares increase which the GLC approved is regrettable. It appears to be necessary in order to finance not merely getting back to the policy on fares that prevailed before May 1981 and getting some stability and balance between the ratepayers and the fare payers, but the substantial increases in costs that have resulted from the GLC's extremely cavalier attitude to the operations of London Transport in recent months. That is why this regrettable and deplorable 100 per cent. increase appears to be necessary.

The right hon. Gentleman asked about the GLC's expenditure budget generally, the penalties that might be incurred and whether money would come back to the London boroughs. These are matters for my right hon. Friend, but the answer is that some money will come back.

The right hon. Gentleman asked whether the rates penalty will be incurred if the GLC proceeds, for instance, with its concessionary fares policy. This relates to the GLC's expenditure priorities. The GLC has to decide its priorities and expenditure in a way that maximises efficiency and is consistent with the overall public expenditure constraints. That is a matter for the GLC, as is the question that the right hon. Gentleman asked about the extra cost to ratepayers. In prompt response to the GLC's request, as I said I would do, I have offered two ways in which the GLC can proceed and make a budget for 1982 with London Transport which is legal and which enables it to proceed in 1982 in a legitimate manner.

The right hon. Gentleman asked about the repayment of the loan that I am offering the GLC. London Transport is to be given powers to borrow over five years. It is for the GLC to decide whether to take up that offer and to what extent to rely on that source of funds. The council may have other sources of funds, in which case the burden will

not fall exclusively on the fare payer. It is for the council to decide how much of that offer it wishes to take up. I am giving the GLC more room for manoeuvre, so that it may proceed in this way, and accept London Transport's suggestion to raise fares to pay off this large and regrettable accumulated deficit over five years.

The speed of legislation will depend upon my right hon. Friend the Leader of the House. The Government wanted to move as soon as possible, particularly on concessionary fares, because I was worried about some of the unnecessary scaremongering talk about the threat to old age pensioners' concessions. There was no need for that scaremongering talk. The Government have acted promptly in making their position clear on the matter.

Several Hon. Members rose—

Mr. Speaker: Order. I propose to allow 20 minutes for questions on this statement. If hon. Gentlemen are brief, everyone should be called.

Mr. Terence Higgins (Worthing): I support my right hon. Friend's opposition to a general subsidy on fares and I agree with him on the need to protect ratepayers. However, is he aware that the present situation is very unfair in the way that it affects concessionary fares for pensioners? Pensioners in London travel free but in many other parts of the country that have elderly populations it is impossible for local authorities to subsidise pensioners' fares because those who are paying the rates are the people who are getting the concessionary fares. Will my right hon. Friend see whether this can be done on a broader, national basis rather than on the present unfair basis, which discriminates in favour of London?

Mr. Howell: I am grateful to my right hon. Friend for his general support. I am aware of the points on concessionary fares that he has made in earlier debates. I should perhaps make it clear that what the Government are proposing is legislation to put the GLC in the same position as practically every other local and metropolitan authority. It would then be for the GLC, like every other local authority, to decide what proportion of its resources it wished to use and the type of policy that it wished to operate on concessionary fares for the old or support for other groups of people. The Government are proposing that the GLC should be put in exactly the same position as almost every other local authority.

Mr. William Pitt (Croydon, North-West): Is the Secretary of State aware that his statement, which moves us no further forward from the House of Lords decision, has thrown the future of London Transport into chaos? Is he further aware that he has put London Transport out on a limb in relation to other capital cities of the West? Will he assure the House that the Government will seek to introduce legislation to promote a properly subsidised transport system in our capital city?

Mr. Howell: The hon. Gentleman is unjustified and unwise to speak about chaos. There is no reason why there should be chaos. There is every reason to suppose that the present situation can be used by the GLC to put London Transport on a fair and balanced footing. There is every reason for future talks involving the GLC and other local authorities to include the more fundamental issues that arise. That is a much better approach than campaigning on the streets. The hon. Gentleman has his own recipe. I can only assume from what he says that he, like everyone else,

[Mr. Howell]

would like to see low fares, low rates and, no doubt, low taxes. There happens, however, to be the question of deciding who pays and, in particular, who pays when a major bungle has been made by the GLC, for which someone has to pick up the tab.

Mr. George Cunningham (Islington, South and Finsbury): Will the Secretary of State accept that in every other major capital city in Europe subsidies are required to save city transport, but that such subsidies are now—at least possibly—illegal in this country? In addition to the temporary legislation that the right hon. Gentleman now offers in respect of the GLC, have the Government any intention of bringing forward legislation later to clarify the situation in regard to such subsidies?

Mr. Howell: The clear legal advice, and the Government's view based on that advice, is that the position for 1982 is within the law if the GLC proceeds with the 100 per cent. fares increase. No more is required by the law. If the GLC wished to put up fares further, that would be a policy matter. As to the longer term, I have recognised that more fundamental problems are raised by what is recognised to be a complex judgment. The GLC has said that it wishes to come to see me again. I shall also be talking to the metropolitan authorities. We shall need to look at some of the difficult issues raised in the longer term. I believe, however, that it would be wrong to be rushed, as some hon. Members were suggesting before Christmas, into early legislation of a kind that would put the clock back and allow the GLC to carry on punishing the ratepayers, as it was doing.

Sir John Biggs-Davison (Epping Forest): What increase in paying passengers resulted from cheaper fares?

Mr. Howell: I should need notice in order to give the precise number. I can, however, inform my hon. Friend that some of the claims made for the dramatic reduction in fares, first in South Yorkshire and then in Greater London, have been wholly unjustified. In particular, it was claimed that there would be a dramatic cut in traffic. That has not emerged at all. The GLC's own estimate is that general traffic mileages will be cut only by 1 per cent.

Mr. Douglas Jay (Battersea, North): Why did the Secretary of State tell the House before Christmas that old people's concessionary fares were not threatened, when it now turns out that they were and that legislation is needed?

Mr. Howell: In fact, the legislation was on the statute book for concessionary fares to continue to be paid out of the 2p rate. When I discussed this problem with the GLC, it was clear that the council was not in a position to rely on the 2p rate to meet the larger sums needed for concessionary fares and that the London boroughs could not go back to the scheme that operated previously. The right hon. Gentleman is therefore right. It was necessary to take the steps that I have taken over concessionary fares.

Mr. Michael Shersby (Uxbridge): Is my right hon. Friend satisfied that the legislation that he intends to introduce will meet the important point raised by our right hon. Friend the Member for Worthing (Mr. Higgins)? What is the Government's policy towards the introduction of concessionary fares for elderly people on a wider basis than that already enjoyed? Can my right hon. Friend give an assurance that any future subsidy for London fares will

not be met by Greater London ratepayers alone, but that those in the Home Counties, who have benefited substantially from the scheme introduced by the GLC, will have to pay their fair share of any future subsidy, whatever form it may take?

Mr. Howell: I listened closely to my right hon. Friend the Member for Worthing and also to my hon. Friend the Member for Uxbridge (Mr. Shersby) on the matter of concessionary fares. Wider issues arise than the one with which I have been concerned, which is to put the GLC in precisely the same position as all other local authorities and settle concessionary fares on the basis of local requirements and local variations.

On the question of general support for London Transport, it is worth bearing in mind that in the past year national taxpayers gave about £100 million of support to the London Transport system. Overall, the system last year received about £¼ billion in public support before the introduction of the super low fares policy. Considerable sums are therefore available. Against that background it is nonsense to talk of a system starved of resources. A substantial degree of support exists and this has been recognised in Government policies over many years. It continues to be so recognised.

Mr. Christopher Price (Lewisham, West): Will the Secretary of State accept that the responsibility for the chaos and the scaremongering lies with him, with his right hon. Friend the Secretary of State for the Environment, with the London borough of Bromley and with the five Law Lords who produced such a confused judgment that different Queen's Counsel have produced different interpretations of what that judgment means? Will the right hon. Gentleman confirm what he has said—that even though he is asking the House to legislate to make it lawful for the GLC to give pensioners free fares, he is giving no guarantee that the moment this is done his right hon. Friend will not come forward and penalise the council and say that it is acting unlawfully?

Mr. Howell: On the issue of blame and responsibility, I do not think that the hon. Gentleman has got the matter in perspective. A number of people have said that they intend to campaign for a clearly defined political objective in order to get back to a situation in which they can continue to impose an extremely heavy burden on ratepayers, including many elderly people and many small businesses, which is generally agreed to be extremely damaging. A political campaign is being mounted in a way that seems, in some cases, to be designed to create confusion of a greater kind than I believe is anything like the case. That is a poor way to go about dealing with an undoubtedly complex problem. It would be much better to follow the line suggested by the Government from the start—to sit down, discuss the problems and work them out in a sensible manner.

On the issue of money paid out for old people's concessionary fares, it is for the GLC to decide its expenditure priorities and how it wishes to spend its money. I am proposing that legislation should be sought from the House to enable the GLC to carry on unambiguously with a policy of concessionary fares for the elderly. How the GLC finds the money is a matter for it to work out within its own budget.

Mr. Tim Eggar (Enfield, North): Is my right hon. Friend aware that his announcement will be welcomed by

old-age pensioners throughout London? Does he know that many old-age pensioners were extremely upset by the supplementary rate imposed by Mr. Ken Livingstone, which they saw as a nasty and underhand way of forcing them to pay for their free bus passes?

Mr. Howell: I am very much aware of the matters to which my hon. Friend referred. As he said, there have been a number of statements in recent weeks allegedly intended to help the elderly, but which on examination seemed to do nothing but create unnecessary anxieties, which is to be deplored deeply.

Mr. Nigel Spearing (Newham, South): The Secretary of State mentioned the need for a balanced transport policy in London. Does he not agree that the real balance is between the costs of private and public transport, and that it is essential to get it right? If New York has a 55 per cent. fare box ratio, why cannot London? If the right hon. Gentleman wants a balanced policy for the ratepayer, why does he not get his right hon. Friend the Secretary of State for the Environment to remove his penalties? I remind the right hon. Gentleman that half the supplementary rate did not go to fares at all. It went to pay the penalties imposed by the Secretary of State for the Environment.

Mr. Howell: I am not sure that New York is the happiest example of a transport system. I know that the hon. Gentleman looks at these matters very fairly, but he should not underestimate the considerable amount of support and subsidy going into the London Transport system. In the budget for last year, before the introduction of the low fares system, for every £1 raised in fares, there was a further 55.1p added from public support. That is a considerable degree of subsidy.

Of course there are variations in European capitals. The example of Paris is quoted frequently. However, what is often forgotten is that the Paris system runs a similar passenger mileage with about 60 per cent. of the staff. If we want gains, it is to efficiency of operating and manning that we have to look.

Mr. John Cartwright (Woolwich, East): Will the right hon. Gentleman accept that the legal advice, like the legal judgment, is anything but clear? Why, therefore, will he not legislate to clarify what is a reasonable balance between the fares income and the essential public subsidy in terms of national public transport, especially in London? Bearing in mind the confused state of London's transport, will the right hon. Gentleman now call together representatives from the GLC, London Transport, British Rail and the transport unions and try to get them working together to provide the efficient and effective public transport system that Londoners need and deserve?

Mr. Howell: The legal advice to the Government, which is the basis of the view being put forward by the Government—a view which I have put forward to the GLC—is very clear. In 1982 the GLC will be within the law and acting legitimately if it approves this regrettably large increase of 100 per cent. in fares, and no further increase is needed.

As for the longer term and the matters to which the hon. Gentleman referred, I agree that some fundamental questions about transport planning are raised by this affair. There is a confederation of interests between the different operators about how best to serve the public need. These are matters that need to be discussed and looked at. But

they are not a basis for rushing into early legislation to put us back into the mess that we were in a couple of months ago.

Mr. Alan Haselhurst (Saffron Walden): Is my right hon. Friend aware that, as a result of the unsatisfactory position into which the GLC has led us, commuters from outside London are able no longer to purchase combined British Rail and London Transport season tickets on the most advantageous terms and thereby are losing money? Can something be done to compensate them?

Mr. Howell: I note what my hon. Friend says. Obviously this is a matter for the transport authorities concerned. I shall call it to their attention.

Mr. Guy Barnett (Greenwich): The Minister consistently expresses sympathy for London ratepayers. If he has any respect for the responsibility and accountability of local authorities to their electorates, bearing in mind that London ratepayers voted for this policy at the last election, what has this matter to do with him?

Mr. Howell: There is also the question of who pays for it. It was the Government's clear view long before the Lords judgment—and, I suspect, the view of a growing number of people trying to operate the policy—that the dramatic reduction in fares and the general operation imposed on London Transport by the GLC were leading to a chaotic and impossible position for both ratepayers and fare payers. It would be utterly irresponsible of the Government merely to turn back the clock and restore legislation to allow that to continue.

Mr. Teddy Taylor (Southend, East): Is it true, as reported in most newspapers, that the result of my right hon. Friend's discussions with Mr. Livingstone is that the GLC will be given another £65 million to help finance the concessionary fares policy? Is my right hon. Friend aware that if a generous package were given it would cause enormous resentment in places such as Southend where very limited concessions are offered to pensioners because last year we adhered to the Government's guidelines, curtailed our spending and reduced our rates? Would it not be a scandalous policy if there were a cash prize for breaking the rules and a penalty for keeping them?

Mr. Howell: I assure my hon. Friend that the story on which he has commented is untrue. No such proposal has been made. It is proposed that the GLC shall be in a position, by a change in the law to be passed in the House, to continue with concessionary fares. I understand that that would involve a pay out of about £65 million. The story that my hon. Friend has heard is not true, and he can contain his resentment.

Mr. Clinton Davis (Hackney, Central): Quite deliberately, the Minister has sidestepped two essential issues put to him today by a number of my hon. Friends. The first is that if the GLC operates a concessionary policy it can expect a reduction in the support that it receives from the Government. Secondly, the Minister is misleading the House when he suggests that there is no need for increases in fares in 1982. Is it not clear that the GLC will have to repay the loan, plus interest and that the only way in which it can realistically do that and operate its transport policy is by reducing services, increasing fares and making London's roads more and more open to the use of private motorcars?

Mr. Howell: The repayment of the loan was taken into account by London Transport in the formulation of its budget and in putting forward its 100 per cent. fares increase. There has been no misleading of the House or anyone else about that. It is the Government's firm view, based on clear legal advice, that the 100 per cent. increase, although regrettably large, for the reasons that I gave earlier, is necessary and all that is required for the GLC to stay within the law.

The hon. Gentleman accused me of sidestepping the fact that the GLC would have its grant support reduced if it operated the concessionary policy. The matter with which the leaders of the GLC asked me to concern myself was the powers of the council to operate a concessionary fares policy. They did not ask me to concern myself with the details of the council's budget or with its expenditure priorities. The Government have moved promptly in response to the difficulties into which the GLC has got itself, and I should expect the hon. Gentleman to give a more sympathetic welcome to that move.

Mr. Hal Miller (Bromsgrove and Redditch): Can my right hon. Friend confirm what some of us understood him to say just now, that in the matter of concessionary fares for the elderly in London he has agreed only to legislate to put the GLC in the same position as that of other local authorities, and has not given any Government subvention to the GLC for that purpose? It was reported widely in the press that he had given such a subvention. If he has, it will be resented bitterly by people in other parts of the country.

Mr. Howell: I can confirm that the position is exactly that explained by my hon. Friend in his opening sentence.

Mr. Les Huckfield (Nuneaton): The right hon. Gentleman said that the intention of his proposed legislation was to bring the Greater London Council into line with local authorities in the provinces. However, will he bear in mind that the legal position relating to the powers of such authorities is equally uncertain? Will the right hon. Gentleman acknowledge that Conservative-controlled local authorities such as Solihull are considering legal action against such authorities as the West Midlands metropolitan county council? Does the right hon. Gentleman not realise that if he really wants to clarify the position he will have to introduce legislation for local authorities outside London as well?

Mr. Howell: The hon. Gentleman is not entirely correct to say that the legal position on concessionary fares is the same for other local authorities. All other local authorities have such a power, and the GLC is unique in not having it at the moment. That is where the Government propose to legislate.

On the broader question of support for public transport systems, I have said that I shall be seeing the Association of Metropolitan Authorities. If metropolitan authorities, or others, have problems that they want to discuss with me, I shall be happy to meet them. The proposals discussed with me so far have been raised by the GLC. The GLC said that it wanted to see me to discuss some problems and the Government responded promptly.

Mr. Speaker: There are two hon. Members on each side of the House still seeking to catch my eye. I shall call them if they will be brief.

Mr. Andrew Faulds (Warley, East): Does the right hon. Gentleman not appreciate, and is he not worried by

the fact, that the Government's position will force the GLC to make cuts in other parts of its budget? One of those cuts may well be the withdrawal of funding of the national arts institutions in London, with all the problems that that will pose for the Government.

Mr. Howell: The hon. Gentleman is tempting me into commenting on the GLC's priorities and its overall budget. I must avoid that, although it strikes me, as an outsider, that there is room for economy and efficiency in a number of the programmes on which it has embarked in the past few months.

Mr. Matthew Parris (Derbyshire, West): Did I correctly understand my right hon. Friend to say that he does not believe that general subsidy of public transport is wrong, but simply that it is possible to go too far? Does he agree that "how much is too much" is a pressing question for many transport undertakings and that we need to give early guidance?

Mr. Howell: My hon. Friend is correct. That position has been reflected over the years in the whole system of transport supplementary grants. The legal position of the GLC in 1982 has now been made clear. If other local authorities and metropolitan authorities have problems that they wish to discuss, I have said that I am ready to see them, although no specific approach has yet been made to me. As I have told the House, I shall shortly be meeting the Association of Metropolitan Authorities, at its request.

Mr. Dennis Skinner (Bolsover): As the Minister seems likely to meet several different authorities, including the various associations, and now that he is presenting legislation with specific reference to free fares for pensioners, will he bear in mind that in large tracts of the country, including most of Derbyshire, no bus undertakings belong to the local authority, or to any part of it?

Will the right hon. Gentleman accept that he may need to meet Derbyshire county council, and many other authorities which do not have their own bus undertakings, so that they can introduce concessionary fares for their old-age pensioners and, if necessary, obtain the treatment—through loans or other means—that he describes for Greater London?

Mr. Howell: I accept that I may need to meet all sorts of people, but I am not sure that the hon. Gentleman's points relate to the GLC and its unique position on concessionary fares.

Mr. Douglas Hogg (Grantham): Will my right hon. Friend accept that, despite the GLC's antics there is a perfectly respectable case for subsidising local transport, but that there is not a respectable case for requiring local ratepayers to do that, if only because they are relatively few in number? It is a narrow tax base. If we are to have a policy of financing or subsidising local transport undertakings—for which, as I say, there is a good case—does my right hon. Friend agree that we must find a more broadly based local system of taxation and link it to that?

Mr. Howell: My hon. Friend has raised a much wider issue, but he is correct. The Government accept, and have long accepted, the case for a sensible degree of revenue and capital support for local transport undertakings. The problem with the GLC in recent months is that it did not know where to stop.

Mr. Speaker: I have received notice of three applications under Standing Order No. 9. I shall call them in the order in which I received them.

Invergordon Smelter

4.44 pm

Mr. Bruce Millan (Glasgow, Craigton): I beg to ask leave to move the Adjournment of the House, under Standing Order No. 9, for the purpose of discussing a specific and important matter that should have urgent consideration, namely,

"the threatened permanent closure of the British Aluminium smelter at Invergordon and the disastrous employment and other consequences that that would involve in the Highlands and elsewhere."

I need not argue about the specific nature of the subject, Mr. Speaker, because you will have heard this afternoon's statement. It is certainly a very specific matter for the 1,500 or so people who will lose their jobs as a result of the closure of the smelter. However, the matter obviously cannot be allowed to rest on that statement.

I need not emphasise how important the issue is to the area that is directly involved. From my visit to the area last week, I know that there is considerable anger and bitterness about the announcement. The implications go beyond the area concerned and affect the other British Aluminium plants in Scotland and elsewhere.

The matter is important and we need to know exactly what happened during the negotiations between the Government and the company. What happened at Invergordon has important implications for the other two smelters operating in the United Kingdom. As the hon. Member for Anglesey (Mr. Best) pointed out earlier, in Anglesey the charges for power will have to be renegotiated following the commencement of Dungeness nuclear power station. There is another smelter in the North and I understand that the coal price will soon have to be re-negotiated with the National Coal Board. The issue is important because of the general implications for energy policies. It is particularly important because of the effect on the electricity industry and on consumers in Scotland. The loss of no less than 7 per cent. of the total electricity demand is bound to have a considerable effect which will in turn have implications for the coal industry in Scotland. That industry is almost exclusively dependent on the supply of coal for the generation of electricity in Scotland. The matter will also affect the rail industry and the other industries in Scotland.

As regards the urgency of the matter, the closure was announced during the recess and we have already lost three weeks. We might have debated this matter long before now. However, the matter is particularly urgent because the redundancy notices, which were first to be issued a fortnight ago, have been deferred in successive weeks. On the present understanding between the company and the trade unions concerned, those notices will be issued later this week. Therefore, it is extremely important to debate this issue before those notices are issued.

There are important points to be debated and it is essential that those in Scotland, particularly those in the area directly involved, should know exactly what the Government intend to do to reverse the potentially disastrous situation. It is for those reasons that I have sought to raise this Adjournment debate.

Mr. Speaker: The right hon. Member for Glasgow, Craigton (Mr. Millan) asks leave to move the Adjournment of the House for the purpose of discussing a specific and important matter that he believes should have urgent consideration, namely,

[Mr. Speaker]

"the threatened permanent closure of the British Aluminium smelter at Invergordon and the disastrous employment and other consequences that that would involve in the Highlands and elsewhere."

No hon. Member who has been in the Chamber this afternoon will have failed to take note of the serious issues raised in the Minister's statement and in the right hon. Gentleman's application. The House is aware that I do not decide whether this matter—which is of undoubted importance in Scotland—should be debated. My powers are limited to deciding whether there should be a three-hour debate on this important question tonight or tomorrow night. The House has instructed me to give no reason for my decision.

I listened with anxious care to the right hon. Gentleman's representations, but I have to rule that his submission does not fall within the provisions of the Standing Order and, therefore, I cannot submit his application to the House.

Railways (Industrial Action)

4.50 pm

Mr. Les Huckfield (Nuneaton): I beg to ask leave to move the Adjournment of the House, under Standing Order No. 9, for the purpose of discussing a specific and important matter that should have urgent consideration, namely,

"the failure of the British Railways Board to increase wages for railwaymen, especially footplate staffs, as agreed by the railway staff national tribunal and the Arbitration and Conciliation Service in August 1981 and its industrial consequences and results for the travelling public".

I submit that the issue is specific because it arises from the failure of the British Railways Board to honour an undertaking that it gave to the Arbitration and Conciliation Service last August. There is a large amount of documentary evidence relating thereto. I submit that the issue is important not only because of its consequences on specific days to the travelling public but also to the increasing consequences for industrial customers, especially in the steel industry and others that are now being reported.

Also, the matter should have urgent consideration because, from the statements that are now emanating from the British Railways Board, we can see that it is daily hardening its attitude. If the attitude of the British Railways Board and British Rail management will harden, I forecast that the action and the industrial consequences will also increase.

I submit also that action and intervention by the Secretary of State is warranted. By his inaction and standing on the sidelines thus far, he has not helped. By what he has said while standing on the sidelines, he has helped even less. I hope that we can have a debate under Standing Order No. 9 so that we can have helpful intervention by the Secretary of State, not least because the position that has been taken by the British Railways Board is basically attributable to the Government's policy. The matter requires intervention and Government action.

Above all—I recognise that I am not entitled to go into the merits of the debate—the House should be given an opportunity to debate and decide such an important issue this week. It is especially important that all hon. Members and the people that they represent should have an opportunity to see the precise facts and figures of the position as soon as possible.

Mr. Speaker: The hon. Member for Nuneaton (Mr. Huckfield) gave me notice before 12 noon today that he would seek leave to move the Adjournment of the House for the purpose of discussing a specific and important matter that he believes should have urgent consideration, namely,

"the failure of the British Railways Board to increase wages for railwaymen, especially footplate staffs, as agreed by the railway staff national tribunal and the Arbitration and Conciliation Service in August 1981 and its industrial consequences and results for the travelling public".

As the House heard me say in response to the previous application, my powers are very limited. The House knows that an emergency debate is not the only way in which the matter can be debated.

I listened with great care to what the hon. Gentleman said, but I must rule that his submission does not fall within the provisions of the Standing Order and therefore I cannot submit his application to the House.



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

Mike Pattison Esq
Private Secretary to
the Prime Minister
10 Downing Street
LONDON
SW1

15 January 1982

Dear Mike M/P.

My Secretary of State would like to make an oral statement as early as possible next week to bring the House up to date with the latest position on London Transport fares and the House of Lords' judgement.

Mr Howell thinks the House will expect such a report and he feels one is fully justified, given the GLC's campaign and the very wide interest in this matter. The Lord President, whilst not disagreeing with the principle of a statement, feels that it will be very difficult to find an early slot next week and Mr Howell will be discussing this further with the Lord President.

/ Mr Howell envisages a statement on the lines of the attached and I am circulating it now for the Prime Minister's views on a contingency basis in case the decision is to go ahead on Monday or Tuesday.

I am copying this to Nick Huxtable in the Lord President's office, with whom I have been discussing this, to the Private Secretaries of the members of "E" including Michael Pownall in case it is decided to repeat the statement in the House of Lords, to Murdo Maclean and to David Wright in Sir Robert Armstrong's office. A copy also goes to the Private Secretary to the Attorney General.

Yours ever

C R EDWARDS
Private Secretary

THE GLC AND LONDON TRANSPORT

Draft Statement by the Secretary of State

1. Before Christmas I told the House first that there was nothing to stop the GLC and London Transport from going ahead and agreeing a budget within the law and second, there was no question of legislating simply to allow the GLC to carry on as before. But I said that if the GLC had specific problems they should come to talk to me at any time. The affairs and well-being of the transport system to meet London's travel needs are clearly of very great concern to me. This was reflected in the £400m public expenditure which the Government last year endorsed to support the bus and rail systems of the capital.

2. Mr Livingstone and other GLC leaders came to see me on 8th January and put to me three specific points of difficulty. The following Tuesday the GLC debated at length the LT budget for 1982 and approved it. I welcome this first essential step of an orderly approach towards tackling within the law London Transport's problems. I deplore that it involves a high fare increase, but that is a consequence not merely of the debts from the low fares policy, but also of the high costs imposed on London Transport by the demands of the GLC for extra manning and extra bus miles regardless of real travel demands. However, the GLC also associated with their approval conditions which included a requirement for the Executive to submit proposals within one month for further fare increases in 1982. A number of statements were also made by the GLC which have created considerable confusion about the position and caused unnecessary anxiety to the elderly in respect of the travel concessions they now enjoy.

3. I therefore wrote to Mr Livingstone last Thursday. A copy of that letter is in the Library.

4. My letter made clear that having taken legal advice it was the Government's view that the budget now approved for 1982 is a legitimate one in all the circumstances. There is no reason why further fare increases should be introduced this year.



15 JAN 1982

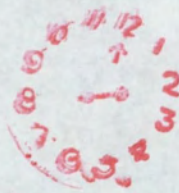
5. Second, the GLC already have powers to go on paying for old people's travel concessions ^{out} and of the 2p rate but chose not to use them ^{beyond 31 March}. In order to resolve the uncertainty that GLC statements had cast over this I told them that I would be willing to bring forward legislation to bring the GLC's powers to provide for such a scheme into line with those for other authorities.

6. Third, on the specific problem of meeting the estimated £125m deficit from 1981-82 ^{and that} the Government would be prepared to widen the options open to the GLC by, as an exceptional measure, bringing forward legislation to enable London Transport to spread the repayment of this debt over a period of up to 5 years. There may well be other preferable ways of dealing with this deficit, but I believe that by providing this power, the Government will ease the task of the GLC by giving them a wider range of choice.

7. Taken together, these steps ^{aim to clear} ~~mean that~~ the way ~~will be clear~~ for the GLC now to put London's transport system on a fair and stable basis. I note that GLC leaders have announced a massive campaign to change the law to allow them total freedom to run London Transport affairs and finances as they think fit. I do not know to whom they look to provide the money for this but no doubt ratepayers ^{will} ~~would~~ ask them that question. We have no intention whatsoever of bringing forward legislation to this end. I think it is important for electors, travellers and the staff of London Transport, the stability of whose jobs will otherwise be threatened, to recognise that the real threat and the basic cost of the forthcoming fare rises has been the reckless and ill thought-out actions of the GLC. If the House approves the two measures I shall be bringing forward, the GLC will have a wide range of options open to them for resolving the difficulties they have created, so as to minimise the hardship to travellers and ratepayers. If they deliberately do otherwise and leave the affairs of London Transport in disarray while they fight political battles this will be because they choose to do so and not from necessity.

8. My aim is to see that London's transport is right for Londoners, right for London's ratepayers and right for its public transport users. I believe that the GLC now have a fair and sensible basis on which they can build: I hope they will be responsible enough to do so.

5 JAN 1957



Telephone
01-212 3751

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET
SW1P 3EB

Nick



SE PASS

Again a statement
on these lines. SSS
yet to clear serially.

LDS 18/1

With the Compliments of
the Private Secretary to the
Secretary of State for Transport

✓ MJD

DRAFT STATEMENT

Before Christmas I told the House that I was not prepared to legislate to let the GLC go back to their unbalanced transport policies which placed such huge burdens on ratepayers.

I said however that I was willing to see the GLC leader anytime if they had problems. Since then Mr Livingstone and other GLC leaders have come to see me and explain their problems.

^{immediate}
In/response to these the Government is prepared to act in two respects.

First, although the GLC have powers ^{under the LG Act 1972 to spend up to the product of a} ~~to go on paying 2p rate~~ concessionary fares for the elderly ~~out of the 2p rate~~ ^{which could be used to finance} it is clear that they ~~will~~ ^{cannot} not do so, ~~nor~~ ^{commonly fares are prepared to use those powers for this purpose.} are the London Boroughs able to get a scheme worked up in time.

I have therefore stated the Government's willingness to legislate to ^{give to the} ~~enable~~ GLC to operate a ~~scheme on the same~~ ^{the same powers as other LA's have,} ~~lines as local authorities elsewhere.~~ ^{concessionary fares scheme.}

Second, the high cost and low fares policies of recent months have led to a large accumulated deficit. I have said that we would be prepared to legislate to let LT pay this off over a reasonable period.

~~On this basis GLC can now put the London Transport system on a fair and stable basis.~~ Regrettably the GLC has had to raise fares 100% not just to get back to 1980 levels but to pay for the heavy costs of inefficiencies imposed on LT in recent months. ~~This was unavoidable.~~

But in the Government's view there is no ^{need} necessity for ^{further} future fare increases in 1982, ^{this} talk of ~~more increases~~, or of large scale redundancies, is ^{alarmist.} ~~merely misleading.~~

The GLC leaders have indicated their wish to come for further talks on the future of London's transport system. ^{in the longer term.} I welcome these as providing an opportunity for constructive discussion on the needs of the public in London and how these can be best met. ^{and financed.}