



DEPARTMENT OF TRANSPORT  
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Michael Scholar Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
LONDON SW1

4 March 1982

Dear Michael,

PRIVATE FINANCE FOR THE M20

Thank you for your letter of 22nd February.

The Tarmac proposal is one of several versions they have publicly announced. They are all related to discussions which have been going on about the "royalty" system for obtaining private finance for trunk road schemes devised by this Department, but to which neither Mr Fowler nor Mr Howell have yet managed to obtain the Treasury's agreement. My Secretary of State is circulating a paper to "E" Committee colleagues about this system today. If agreement is reached on an experiment, he will develop the idea further in association with the industry (several other firms are interested as well as Tarmac) and the Treasury.

There would, however, be better road schemes to start with than the gap in the M20 between Ashford and Folkestone. Detailed design and all the statutory procedures for land acquisition for the scheme have still to be undertaken. And even if we agreed to take it up immediately, construction would not start for 3 years. Moreover, unless or until firm commitments have been made not only about whether to build a Fixed Channel Link but about the nature and timing of any provision for carrying road vehicles through it, the prospects for traffic on the M20 (and hence the level of royalty needed to finance it) will remain uncertain. All in all we would prefer to try this approach to financing on one of the other trunk road schemes which will be ready to go to tender in the next year or so.

Lastly, tolls. Neither the Tarmac scheme nor our immediate proposals involve tolls on traffic using the new road. Mr Howell is, however, also considering whether there is any scope for



imposing tolls on new roads other than the estuarial crossings to which they have traditionally been applied.

As soon as we are ready with a draft substantive reply to send back to Tarmac, we will send you across the draft. Meanwhile Mr Howell thought it might be helpful to you to have this background.

I am copying this letter to Terry Mathews (Chief Secretary's Office).

*Yours Sincerely,*

*Anthony Mayer*

R A J MAYER  
Private Secretary

4 MAR 1982



bcc John Vereker

8 March 1982

Private finance for the M20

Many thanks for your letter of 4 March which I have shown to the Prime Minister.

She is content to carry forward the discussion of this general issue in the context of your Secretary of State's E paper on private finance for trunk road construction.

MICHAEL SCHOLAR

Anthony Mayer, Esq.,  
Department of Transport.

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10 DOWNING STREET

Prime Minister

You asked about a proposal  
by Tarmac for private finance for  
the M20 — which we had discussed  
at a media meeting several weeks  
ago.

Here is the Department's response  
— best handled in the general context  
of Mr Howell's E paper (attached)?

MUS 5/3



22 February 1982

Private Finance for the M20

The Prime Minister saw a report in the press this morning that Tarmac have offered to complete the M20 by raising £45m. privately, provided that the Government will allow tolls to be levied on users of the road.

The Prime Minister has asked to be consulted before your Department responds to this offer from Tarmac.

I am sending a copy of this letter to Terry Mathews (Chief Secretary's Office).

MS

Anthony Mayer Esq  
Department of Transport

HL



PRIME MINISTER

THIS WEEK - HIGHLIGHTS

Potentially quieter than last week, but with The Times, BR, unemployment figures and EC Council on Mandate there to try us.

INDUSTRY

Times Newspapers - ? closure.  
British Rail.

ECONOMY

Your speech to Engineering Employers (tomorrow).  
ICI results (Thurs).  
Young Socialists' lobby of Parliament - and YOPs strike (Thurs).

INDICATORS

Cyclical indicators and retail sale for Jan (today).  
Unemployment and vacancy figures (tomorrow).  
Strike figures for Jan (Thurs).  
January vehicle registrations and production (Thurs).  
November sales and orders in engineering (Fri).

STATEMENTS, etc

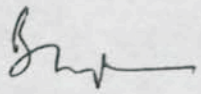
Overseas visitors to pay hospital charges (today).  
EC aid for blizzard/flood regions (today).  
Computer data bank for council house swaps (today).  
Mercury telecommunications project.  
MoD's unemployed youth adventure scheme (Thurs).  
Gibson report on Scrubs disturbance (Wed).

INTERNATIONAL

? new Irish Prime Minister.  
EC Foreign Ministers (Mandate etc) -(today and tomorrow).  
EC Textile Council - (Thurs).  
Greenland referendum on EC membership (tomorrow).  
Third World Conference, Delhi - (Wed to Friday).  
Lord Carrington off to Zimbabwe (Wed).  
Falkland Islands talks, New York - (start Fri).

MINISTERS/BROADCASTS

Today - Home Secretary and Lord Chancellor on Panorama on prisons and sentencing.  
Mr Nott on BBC Newsnight - Trident.  
Granada "World in Action" on US gun running to NI and Noraid.  
Mr Tebbit at Industrial Society (tomorrow); and Cambridge Union (Fri).  
Sir Keith Joseph opens University and Industry exhibition (tomorrow)  
Thames TV Eye on Poland (Thurs).



B. INGHAM  
22 February 1982



## PRIME MINISTER

### DIARY

Statement on arrangements for overseas visitors to pay hospital charges.

EC: Foreign Affairs Council, Brussels.  
Times management and unions meet on future.  
EC and for weather-hit regions announcement.

Computer Databank for council house tenants wishing to swap announcement

Tobacconists and Newsagents petition No 100 on tax on cigarettes.

Boat and Caravan Show, National Exhibition Centre, Birmingham.

Psychics and Mystics Fair, Bingley Hall, Birmingham.

National Knitting and Sewing Trades Exhibition, Belle Vue, Manchester.

BA baggage handlers vote on return to work.

BL bus and truck resumes work.

TUC Employment Policy Committee.

Briton in Boston (US) Court for illegally exporting high technology to Poland.

### Statistics:

Cyclical indicators for the UK economy (Jan).

Retail sales (Jan-prov).

Agriculture Land Census (final table).

### Pay:

Further Education Teachers, England and Wales; Burnham Committee considers claim.

### Parliament:

#### Commons:

Questions: Industry, Trade.

Business: Supply (13th allotted day): There will be a debate on The Arts, when the Third Report of the Select Committee on Education, Science and Arts, in Session 1980-81 will be relevant.

The Chairman of Ways and Means has names Opposed Private Business for consideration at 7.00.

Select Committees: ENERGY: Combined Heat and Power. (Witnesses: GLC, Newcastle City Council; Southwark Council; The Watt Committee).



FOREIGN AFFAIRS: Caribbean and Central America: British approach to stability, security and development. (Witnesses: Mr D Gay; Dr E Thomas-Hope, Liverpool University).

PUBLIC ACCOUNT: Court Fees. (Witnesses: Lord Chancellor's Department, Sir Wilfred Bourne and Mr A L Green).

TREASURY AND CIVIL SERVICE: Budgetary Reform in the United Kingdom. (Witnesses: MOD Officials).

Lords:

New Towns Bill: Committee (to be discharged).  
Transport (Finance) Bill: Third Reading.  
Legal Aid Bill (HL): Second Reading.  
Marriage (Step-parents and step-children) Bill (HL):  
Second Reading.  
Constitutional Referendum Bill (HL): Committee.

Ministers - see Annex

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PRESS DIGEST

Times

- 24-hour stay of execution because there has been some progress in negotiation; unions believe Murdoch may be prepared to move from 600 redundancies but he makes it clear he wants equivalent cash savings.
- Harold Evans hopes unions will see sense - present staffing levels are gross overmanning.
- Positive deadline is Thursday beyond which Murdoch says he can't rely on bankers.

Rail

- BR sources continue to insist that Government intervention led to settlement; Mirror says there were no precise instructions but Ministers felt it was wrong issue at wrong time.
- Downing Street strongly denies Government intervention led to settlement.
- Meanwhile, speculation that strike will lead to 10% fares increase, closure of stations and 16,000 redundancies - Sun says bill for strike is now coming in fast - another victory like this for ASLEF and they will be ruined.
- Gordon Wilson MP wants no drinking compartments on trains.
- Jo Grimond, Telegraph, says he reads some people are claiming BR is starved of investment, in spite of £1bn capital injection over last 3 years - reasonably generous considering it is being systematically wrecked by some of those working for it.

British Airways

- Losses likely to soar to £200m this financial year.
- Confusion over whether baggage handlers will vote to go back to work today; some reports say shop stewards won't put issue to vote.



### De Lorean

- Express says he is still a hero to Catholics in Belfast - 5000 jobs could be lost in supplying firms.

### Unions/Pay

- Sun and Express have pics of TUC leaders frolics in Miami sea; they and US union leaders agree that Reaganomics and Thatcherism have caused economic problems.
- Posts may be delayed because of dispute over manning of new sorting machines, 36 of which are idle in London.
- CPSA objects to use of unemployed actresses to sell B/Telecoms at Ideal Homes exhibition because they don't belong to recognised BT union.
- Incomes Data Services says wage settlements are beginning to edge up from 5 to 6-8%.

### Economy

- Belgium (8.5%) and Denmark (3%) devalue in EC crisis compromise; Belgium also introduces austerity package, with wage curbs, which could cause trouble.
- Sam Brittan, FT, says shift to positive real interest rates stems from increase in demand for capital and not central bank policies; Europeans could do more for world harmony and prosperity by putting their house in order than be lecturing Americans.
- Saudis deny they have cut back oil production; fears that North Sea oil price may be cut again to lower our revenue.
- Israel Cabinet cuts education and welfare subsidies to fight inflation.
- Lomax, economic adviser to Natwest, says abolition of exchange control has been a substantial success.
- Minford, in Telegraph, says financial policies are now bearing fruit and much of return of domestic confidence to credit of Govt which has refused to rush into electoral reflation.
- National savings likely to overshoot target of £3.5bn for this year.

### Budget

- FT says there will be changes in structure of NS oil taxes but they are likely to fall short of industry's requirements.
- Jack Straw attacks different tax treatment of low and high paid since Govt came to office.
- RAC wants cut in motor taxes or more spent on roads which need £100m repairs.
- Messts Patten and Eggar, in Times, want four things out of budget - no squeeze at very least; help private enterprise to build on foundations painfully laid; give people hope and reassurance and help industry and least well off.

### Unemployment

- Times says Whitehall so miscalculated rise in long-term unemployed that Parliament is to be asked to spend £400m more on Supplementary benefit.



- Low Pay Unit says Govt is putting youngsters to work at sweat shop wages and encouraging employers to break law by Young Workers Scheme.
- Merseyside CC wants to open trade union, community and employment research centre with licensed non-profit bar; cost to ratepayers about £130,000; Tories says it will become drinking club.

#### Industry

- Talbot to introduce below £3000 Samba car with 61 mpg.
- John Biffen warns Japaneses of retaliation if they continue to flood us with imports.
- D/Industry has plans for spending another £150m on high technology aid.
- Cheque for £53m will be handed to Mr Howell today to complete biggest staff buy-out of National Freight.
- BL's share of domestic sales rises 6% to near 20% in Feb.

#### Media

- Sun sells bikini photos of Princess of Wales; appeared in Germany magazine yesterday.
- Press Council rejects complaint against Mirror's Pilger and photographer from Liverpool Health Authority for entering hospital without permission; says it was reasonable for Pilger to believe he would have been refused access in view of previous incident.

#### Local Authorities

- Livingstone applauds LT staff plan not to collect fares on certain days in protest against GLC decision to double fares.
- Local authority debt in UK increased 8% in 91 financial year, £39bn - £705 per citizen.

#### Education

- Nicholas Winterton campaign against NUS students after two students banned from courses because they fail to carry union cards.

#### Housing

- Tenants of Prince Charles on Dartmoor face 75% rent increase; pensioners up in arms.

#### Transport

- Tarmas offers to complete M20 by raising £45m privately, provided Govt will allow tolls.

#### Welfare


- Thousands of families cannot afford to pay fuel bills but are still being cut off because industries ignore Govt advice; Michael Latham wants gas price rise cancelled; Electricity Consumers' Council says industry should offer coin meters to those who can't pay bills.
- COHSE says country's 104 psychiatric hospitals need 2000 more staff
- £25m now in bank on behalf of thousands of long stay patients because they can't use Welfare State benefits.



### Sport

- Denis Howell behind campaign to raise money to save Grand National - likely to come to Govt for cash.

### Law and Order

-  *follow up* Nicholas Winterton leads charge against case of Irishmen let off burglary charge in Republic on condition he moves to England; Irish Welfare authorities pay fare; unrepentant judge says his concern was to unite family of wife and 3 children.
- D/Star idea that UK is penal colony for Irish riff raff an affront; Sun: there will be public anger over this - howling scandal; Express: Irish have quite some nerve - but 2 can play at Botany Bay and we can swamp them.
- Govt expected to come in for strong criticism in Lords today for failing to reform legal aid system.
- Mirror says remand prisoners in Pentonville are on verge of rioting because of de-humanising conditions; Sun reveals plans of Frankland gaol, with maps, are available in £75 UN book.
- Chief Constable Anderton, Manchester, says PC son of chairman of council should resign or be sacked on third disciplinary offence.
- Home Secretary plans experimental scheme for legal advice scheme for prisoners.
- 2 prisoners released from gaol after investigation into South Yorks police corruption.
- Arthur Lewis MP criticises big brother tactics of camera monitoring Dartford tunnel for suspicious.
- Row developing over allegations that police have identified sensitive clubs which could cause a riot if raided; Mail says this is bad administration.

### Ireland

- Haughey looks like next PM to mixed - very mixed - welcome from press; Express thinks Republic will slide into inflation and recession but North and South could be prosperous and pleasant land but for religious, history and ancestral politics; Telegraph says if Haughey returns to power would not be wise for Mr Prior to proceed with plans for early election; Times thinks his election will harden Unionists; Guardian says its hunch is that politicians North and South will be too preoccupied over coming months for much cross-Sea talking; FT doubts whether outcome will make much difference but wants next PM to be bold.
- Ellis, detained in Buffalo wants asylum in USA.

### Politics

- Stan Cohen not re-selected in Leeds but says constituency will soon disappear.
- Mirror says militants programmed to speak in unrelenting bawl; most of them couldn't organise a jumble sale.
- 29 of them, including Tatchell, sign declaration in support of extra-Parliamentary action and bring doubts about continuation of truce.



Ministers:

Sir Keith Joseph visits Cranfield Institute of Technology. (11.00 am).  
Mr Walker attends "Communicator of the Year Award" luncheon, Savoy Hotel.  
Mr Whitelaw visits G Division of Metropolitan Police.  
Mr Tebbit meets British Association of Industrial Editors and presents Communicator of the Year Award.  
Mr Heseltine visits Merseyside.  
Mr Howell attends the NFC completion of sale ceremony, Fashion flow Depot, Camden. (11.00 am).  
Mr Edwards meets the Wales TUC, Cathays Park, Cardiff.  
Mr Nott and Lord Trenchard see Senator John Tower (US Armed forces Committee) and US Ambassador.  
Mr Nott and Lord Trenchard lunch with Chairman of GEC, Lord Weinstock.  
Mr Biffen attends EC Foreign Affairs Council, Brussels.  
Lord Carrington and Mr Atkins attend EC Foreign Affairs Council, Brussels.  
Mr Waldegrave visits Strathclyde and Glasgow universities.  
Mrs Fenner addresses the Ordinary Members' meeting of the Food Manufacturers Association, followed by a reception.  
Mr Baker presents prizes at Philips Office of the Future Design Competition.  
Mr Sproat opens RNLI exhibition, House of Commons.  
Mr W Roberts speaks and presents the keys to the first buyers taking part in the Secondary Housing Association's Improvement for Sales Scheme. (11.00 am).  
Mr M Roberts addresses HM Inspectorate of Schools conference, West Wales.  
Mr Rifkind meets Scottish Industry Group, Edinburgh.  
Mr Blaker calls on Norwegian Defence Ministry, then attends Exercise Hardfall in Norway (until 25 March).  
Mr Marten visits Swaziland (until 25 February).

TV/Radio:

Mr Nott, BBC2 'Newsnight', interview on Trident.  
Mr Tebbit, LBC Radio, Brian Hayes Show. (10-11.00 am).  
Mr Whitelaw and Lord Hailsham, BBC1 'Panorama', prisons and sentencing.