

Invergordon Smelter Action Group

Tel. No. 0349 852671

Telex 75130

Invergordon Smelter,
INVERGORDON,
Ross-shire,
IV18 0LE,
Scotland.

This is the text of a telex sent to the Secretary of State for Scotland by Councillor R.R. Ruddle, Chairman of the Invergordon Smelter Action Group on 27th July 1982.

Dear Mr Younger

I refer to our communication of 13th July, and set out below the basic outline of our new proposal which is designed to maintain intact the physical assets of the Invergordon Smelter for a period of three years, by which time we believe market conditions will have improved sufficiently to attract a new operator for the plant. Already there are distinct signs in the metal market that the price for aluminium products is firming.

The main elements of our proposal are:

1. That on the assumption that the Government will not take the Smelter into direct (Albeit Temporary) public ownership, a new company be formed with combined public and private capital to acquire intact the land, buildings and plant of the Invergordon Smelter.
2. That this new company be capitalised through funds provided by an approved Government agency (The SDA) and by private capital on a 50/50 basis. The amount required (the residual scrap value to the plant as agreed by the Scottish Office and by BACO) is £5.9 million.
3. That as an incentive to the providers of the private capital, the Government provide interest relief on the sums so raised for a period of one year.
4. That the sum needed to acquire the Smelter (£5.9 m) be secured on the assets of the plant whose worth to a new operator is estimated at a minimum of £70 m.
5. That the new company hold the assets of the Smelter intact, with required maintenance, until a new operator takes over, or for a minimum period of three years. That during this period, or until the arrival of a new operator, BACO be provided with access, at commercial rates, to the alumina handling facilities at Invergordon.
6. That the costs of ongoing maintenance at the plant, plus necessary insurances, (estimated in total at £300,000 per annum) are met by the new company, which shall in turn be entitled to income from goods imported and exported over the Invergordon jetty, from existing leases of land currently in ownership of BACO at Invergordon, and from new sub-lettings of warehouse and engineering facilities at the plant.

Chairman: Councillor A.A. McGreevy

Vice Chairman: Councillor R.R. Ruddle

Secretaries:

Senior Shop Steward R. Black

Shop Steward W. Ferguson

Treasurer

Shop Steward C. Donald

This is the basic outline of our proposal, which we would like to discuss with you in detail at the earliest opportunity. We believe it provides a sensible, low-cost solution to the problem of keeping the Invergordon Smelter intact in the medium term. We believe the risk to potential investors (including the Government agency) is low in view of the fact that the scrap value to the plant will continue to rise at least in line with inflation.

We believe that the Government must give this solution a chance to work to preserve what is nothing less than a national asset, and to give a reasonable time scale for the introduction of a new operator.

Yours sincerely

ROBERT RUDDIE
Chairman
Invergordon Smelter Action Group

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The Prime Minister
10 Downing Street
LONDON

Dear Prime Minister

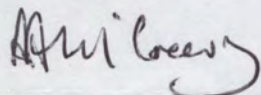
On behalf of my committee may I thank you for receiving our delegation and allowing us to put our case so fully.

We feel strongly that continued operation of the Invergordon Smelter is of major importance not only in Easter Ross but in the Highlands as a whole and we are therefore delighted that the Government are considering linking a power contract to Hydro Power. We clearly see such a policy guaranteeing our long term future.

As you will note from the document compiled by the Action Group we have emphasised the Hydro angle but have also made reference to power through coal. We feel that to attract an operator quickly it may be required that a special scheme for a short period be entered into but we are confident that this is an area that the Highland Board would be better equipped to detail.

Lastly you may have noted some minor errors in the document which had been corrected by hand, this has now been reprinted and we will therefore take the opportunity to send your office amended copies.

Yours faithfully



A A McCreevy

Chairman: Councillor A.A. McCreevy Vice Chairman: Councillor R.R. Ruddle
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