

PRIME MINISTER

c. Mr. Gow  
*Mr. Ingham*  
*Mr. Loks.*

De Lorean Statement

Mr. Prior's statement (attached) went off as well as could be expected, with some well judged assistance from Mr. Concannon. He welcomed an end to the uncertainty, and the appointment of Sir Kenneth Cork, with his considerable knowledge of Northern Ireland. He looked for a "constructive receivership" (his words, not Bernard's) working to preserve jobs. Confidence was the key to the future. There was a market for the car around the world, but a more constructive approach would be required from both Government and House. He also asked Mr. Prior to define the Government's economic policy for Northern Ireland in the wake of this affair. The economic and employment situation was crucial to the prospects for any political initiative. Labour had left record employment levels in Northern Ireland. Each man unemployed cost the Exchequer £5,000 per annum. Mr. Prior confirmed that he was looking for ways to preserve the best of the project.

A number of Irish Members followed. Mr. Powell spoke of bankruptcy's usual beneficent effect in securing genuine investment. He suggested that the £80 million would have gone a long way towards securing a permanent energy connection with the mainland to underpin real economic development. Mr. Paisley wanted the workforce to be given proper information, and the Government to instruct Kenneth Cork to keep De Lorean going. Gerry Fitt saw the statement as a vindication of Labour's efforts to bring the company to Northern Ireland. He asked Mr. Prior to deny statements made in America about 1,400 petrol bomb attacks on the plant, and Mr. Prior confirmed that this was a travesty, of a kind which was extremely damaging to prospects of attracting investment to the Province. Mr. Kilfedder referred to an offensive reply sent to him by De Lorean when he enquired about Mr. De Lorean's regular Concorde travel. He asked that the company should have treatment no less favourable than BL in the Midlands, and suggested that a Japanese company should be asked to consider taking over De Lorean. Stephen Ross suggested that the trade believed viability more likely with lower production levels, say 5½-6,000, and wanted to know

/ whether any

whether any restructured company would still have to use the US De Lorean company as its selling agent there. Mr. Prior said that the relationship between the US and Belfast companies had been one of the most unsatisfactory elements in the affair, and he saw no likelihood of the Receiver continuing on those lines. Production targets as low as Mr. Ross suggested were unlikely to be profitable. Bob Cryer asked about redundancy payments, and wanted to know whether Mr. De Lorean would transfer the rights to manufacture the car to the Receiver. Mr. Prior acknowledged that this latter point was central, and had been covered in the Receiver's report. It was Kenneth Cork's responsibility now.

John Biggs-Davison, Peter Hordern and Tony Marlow wanted - and got - an assurance that there would be no more Government aid after the guarantee waiver announced today, despite Geoffrey Robinson's request for an open mind on the possibilities. Mr. Prior said that any suggestion of further Government money would simply make it harder for the Receiver to raise the finance he would need. John Blackburn and Gary Waller, joined by David Young and Geoffrey Robinson from the Opposition, were particularly concerned about the small suppliers, and Mr. Prior undertook to consult the Industry Secretary about ways in which they might be tidied over. Michael English did not miss the opportunity to ask why the C&AG had no jurisdiction over the expenditure of public money in Northern Ireland.

All in all, it was a less emotional occasion than some might have expected. There was a general air of sadness, coupled with general acceptance of the lessons of hindsight and some relief that the Government had finally blown the whistle.

MA

19 February 1982

19 February 1982

DE LOREAN MOTOR CARS LTD: STATEMENT BY THE SECRETARY OF STATE  
FOR NORTHERN IRELAND

With premission Mr Speaker, I will make a statement on De Lorean Motor Cars Limited.

As my Hon Friend told the House on 28 January, I commissioned reports from Coopers and Lybrand and from Sir Kenneth Cork on the current state of, and future prospects for, the De Lorean motor business. On the basis of these reports, it is clear to me that there have been some remarkable achievements in this enterprise in terms of:-

- constructing at Dunmurry near Belfast a modern and well-equipped motor plant;
- designing and developing a new car;
- recruiting and training a substantial labour force;
- getting series production under way, and introducing the product into the American market.

The importance of this enterprise to the Northern Ireland economy in general, and to West Belfast in particular, is self evident. In addition, the enterprise has underpinned substantial employment in a range of supplying and supporting businesses, in Northern Ireland, in Great Britain and further afield. I have had all

these factors very much in mind during the last difficult few weeks. I have also had representations from creditors of the company who have naturally been anxious about the effects on their own businesses.

However, the reports made to me have shown that De Lorean Motor Cars Limited is insolvent, and therefore cannot continue in business without the injection of substantial further finance. Mr De Lorean and other directors of the company met me yesterday to tell me that, while a number of promising lines of discussion with private sector parties interested in investing in the business had been opened up, none could be brought to a successful conclusion in time to cope with the immediate cash crisis. For my part, I had to reiterate to Mr De Lorean that, since the inception of the project under the previous administration, the Government had already supported the enterprise to the extent of almost £80m: and there was therefore no question of further public money for the company. Mr De Lorean had been in no doubt about this for the past three weeks.

On this basis we agreed that the Company had no alternative but to go into receivership and at the Company's request, the formal steps to appoint Sir Kenneth Cork and Mr Paul Shewell as Receivers of the business have now been taken by the Department of Commerce. The Receivers, however, have already made it clear in a public statement that it would be their objective to secure, if possible, through a reconstruction of the business, a future for the Dunmurry enterprise as a going concern. They have complimented the skills of the work force and expressed an intention to carry

on a limited programme of production. I very much welcome their statement of their approach; and I hope it will pave the way to maintaining employment at the plant. They have also asked that, to facilitate them in their approach, and in the light of an offer by Mr De Lorean to put \$5m of new resources into the American company, we should agree to the withdrawal of certain guarantees made by the American parent company to the Belfast manufacturing company. In order to enable the companies to continue to trade and to maintain an orderly market for the cars in the United States. I have, on the advice of the Receivers, agreed to the withdrawal of these guarantees. Since the American company would be insolvent without the injection of Mr De Lorean's personal investment, the Government would not be surrendering anything of practical value.

It is clearly a matter of concern to Government that this position should have been reached. There can be no guarantee that through reconstruction a secure way ahead can be found. But the Receivers have made it clear that serious negotiations with interested parties are under way.

I hope that all concerned will now work together to explore the scope for establishing a viable, realistic and financially secure basis on which the De Lorean sports motor project might survive and continue to provide much needed employment in Northern Ireland. The Board of DMCL have assured me that they will do all in their power to assist the Receivers in their task.

## De Lorean Motor Cars Ltd

*It being Eleven o'clock, Mr. SPEAKER interrupted proceedings, pursuant to Standing Order No. 5 (Friday sittings).*

**The Secretary of State for Northern Ireland (Mr. James Prior):** With permission, Mr. Speaker, I shall make a statement on De Lorean Motor Cars Ltd.

As my hon. Friend the Minister of State told the House on 28 January, I commissioned reports from Coopers and Lybrand and from Sir Kenneth Cork on the current state of, and future prospects for, the De Lorean motor business. On the basis of these reports, it is clear to me that there have been some remarkable achievements in this enterprise in terms of constructing at Dunmurry near Belfast a modern and well-equipped motor plant, designing and developing a new car, recruiting and training a substantial labour force and getting serious production under way, and introducing the product into the American market.

The importance of this enterprise to the Northern Ireland economy in general, and to West Belfast in particular, is self-evident. In addition, the enterprise has underpinned substantial employment in a range of supplying and supporting businesses, in Northern Ireland, in Great Britain and further afield, I have had all these factors very much in mind during the last difficult few weeks. I have also had representations from creditors of the company who have naturally been anxious about the effects on their own businesses.

However, the reports made to me have shown that De Lorean Motor Cars Ltd is insolvent, and therefore cannot continue in business without the injection of substantial further finance. Mr. De Lorean and other directors of the company met me yesterday to tell me that, although a number of promising lines of discussion with private sector parties interested in investing in the business had been opened up, none could be brought to a successful conclusion in time to cope with the immediate cash crisis. For my part, I had to reiterate to Mr. De Lorean that, since the inception of the project under the previous Administration, the enterprise had already been supported to the extent of almost £80 million by public funds and there was, therefore, no question of further public money for the company. Mr. De Lorean had been in no doubt about this for the past three weeks.

On this basis we agreed that the company had no alternative but to go into receivership and at the company's request, the formal steps to appoint Sir Kenneth Cork and Mr. Paul Shewell as receivers of the business have now been taken by the Department of Commerce. The receivers, however, have already made it clear in a public statement that it would be their objective to secure, if possible, through a reconstruction of the business, a future for the Dunmurry enterprise as a going concern. They have complimented the skills of the work force and expressed an intention to carry on a limited programme of production. I very much welcome their statement of their approach; and I hope that it will pave the way to maintaining employment at the plant.

They have also asked that, to facilitate them in their approach, and in the light of an offer by Mr. De Lorean to put \$5 million of new resources into the American company, we should agree to the withdrawal of certain guarantees made by the American parent company to the

be printed on the tag so that a dog warden who found a stray dog could easily identify the owner of the dog. The name and address of a dog's owner is supposed to be attached to the collar, but I am told that such information is often difficult to read and sometimes not sufficiently comprehensive. A plastic tag of a colour which changed each year and which showed a number would be useful.

The licence should be purchased before possession is taken of a dog. My hon. Friend the Member for Tooting (Mr. Cox) talked about street markets. One of the best ways to eliminate the sale of dogs in street markets is to insist that a person has a licence before a dog is bought. It should be the duty of the person selling or giving a dog to check that a licence has been purchased. That would discourage impulse buying on which street market traders rely. We want people to realise that taking on a dog is a responsibility and that it is not a task which will last only five minutes, as happens with most Christmas toys. A person must accept that owning a dog costs money. Having to buy a licence first will ensure that people stop and think that becoming a dog owner is a responsibility.

It is suggested that a person with more than one dog and up to five should pay a licence for each. There is a case for saying that a dog owner should have a multiple licence. Insisting on a licence for each dog would penalise genuine dog lovers and people who showed dogs. Such people usually look after their dogs. We should be legislating for people who do not. I hope that we shall examine the possibility of offering a blanket licence to people who have many dogs. We could double the fee, but I do not think that we should charge £25.

We must consider how long stray dogs should be kept before they are destroyed. Under present legislation a dog must be kept for seven days before it is disposed of. Is that not too long? If a dog has a licence number on its collar the owner can be easily identified. If we reduced the period to five days, that would cut down the cost to the local authority dog warden service. Five days is reasonable. If a person does not know that he has lost his dog after five days, he cannot be looking after it.

We should also be considering the charge for reclaiming a stray dog. The Bill must make it clear that the local authority or any welfare group employed by it can charge the full cost of boarding the dog for the five or seven days until it is reclaimed.

There is also an argument for a small penalty when stray dogs are picked up month after month. I am told by dog wardens that there are, sadly, some owners who regularly kick their dogs out of the back door in the morning and take no further interest in them.

The Bill proposes a £10 fine for not possessing a £5 licence. That ratio is wrong. I am not in favour of high fines, but given a £5 licence fee it would be realistic to have a maximum fine of £25, and possibly £50. I do not expect magistrates always to impose the maximum, but at least the opportunity to do so should be available if they believed it could be afforded. The possibility of a heavy fine would encourage people to purchase licences.

If we have dog wardens it is important to involve them in the education process and not just use them to round up strays. The hon. Member for Kingswood stressed that. Local authorities should be in a position to make grants to groups which demonstrate to people how to train and look after their dogs. There are some extremely good training clubs, some of which do a great deal of work with

Belfast manufacturing company. To enable the companies to continue to trade and to maintain an orderly market for the cars in the United States, I have, on the advice of the receivers, agreed to the withdrawal of these guarantees. Since the American company would be insolvent without the injection of Mr. De Lorean's personal investment, the Government would not be surrendering anything of practical value.

It is clearly a matter of concern to the Government that this position should have been reached. There can be no guarantee that, through reconstruction, a secure way ahead can be found. But the receivers have made it clear that serious negotiations with interested parties are under way.

I hope that all concerned will now work together to explore the scope for establishing a viable, realistic and financially secure basis on which the De Lorean sports motor project might survive and continue to provide much needed employment in Northern Ireland and elsewhere. The board of DMCL has assured me that it will do all in its power to assist the receivers in their task.

**Mr. J. D. Concannon (Mansfield):** I welcome the statement by the Secretary of State who has not left the matter to fester over another weekend. Together with the workers and the suppliers in Northern Ireland the Opposition welcome an end to the uncertainties of recent weeks. However, waiting until about six minutes to eleven o'clock before sending out the statement leaves unclear much that we would have liked to look at in more depth. I understand the situation and I am not grumbling about having the statement on a Friday morning, as we pushed the Secretary of State to make one at the earliest possible opportunity.

If there has to be a receiver I welcome the appointment of Sir Kenneth Cork. He knows Northern Ireland and the significance of the De Lorean plant to the Province in jobs and confidence, and to the political stability of Northern Ireland. As the House knows only too well, there are over 7,000 jobs inside and outside the Belfast factory that hinge on continued production in the De Lorean factory. A constructive receivership, which I hope is what is meant by the statement, must work ceaselessly to preserve jobs at a time of record high unemployment levels in Northern Ireland.

The key word for the future must be confidence. The De Lorean car will be marketable only when dealers and consumers have confidence in the continuity of production and in the support of the House. I am not surprised that Mr. De Lorean is having troubles in America trying to raise the money. This is one of the effects of the Government's policies. The comments of some hon. Members have been extremely unhelpful and damaging over the recent months. The more that De Lorean is knocked—and I have done some of that myself—the more the sales are restricted in America. Restricting sales will restrict the jobs opportunities of the people in Northern Ireland and the rest of the United Kingdom.

It is essential that we have a good working relationship between the Government and the board of the De Lorean Motor Cars Ltd. We want to see an end to personal antagonisms and more attention devoted to the product and the jobs that it can provide. There is a future for the De Lorean car in numerous markets throughout the world and we would like to see a more constructive and positive

approach from Government and the House towards helping the company to sell the cars. Selling the cars is the only way to preserve the jobs.

On the wider front, will the Secretary of State now tell the House precisely what are the Government's economic policies for Northern Ireland? The collapse of De Lorean is wrapped up with the economic policies of the Government in Northern Ireland. Surely, the Government must realise that security and political progress in the Province can be achieved only when there is visible economic and social improvement. Unless we can be seen to be improving the prospect for jobs in Northern Ireland, the Secretary of State can forget about political initiatives.

We are hopeful that jobs will be saved, but the Secretary of State must now re-double his efforts to bring investment to Northern Ireland. He has an uphill task to convince overseas investors that the Government offer worthwhile incentives and support in the light of what has happened to De Lorean and other companies. He has a long way to go to get back to the position that obtained when the Labour Government left office, when there was a record level of employment in Northern Ireland.

Does the Secretary of State accept the recent estimate of the Manpower Services Commission that each new unemployed person costs the Exchequer £5,000 per annum? If the 7,000 jobs associated with De Lorean in the United Kingdom, in the constituencies of hon. Members, were to be destroyed, the cost to the Exchequer would be £36 million this year alone.

**Mr. Prior:** I am grateful for the remarks of the right hon. Member for Mansfield (Mr. Concannon) about the need to do all that we can to ensure that this is a constructive receivership. We all hope that Sir Kenneth Cork will be able to build a new company, which will be of interest to people willing to invest in it.

I apologise to the right hon. Member for the delay in letting him have the statement. Mr. De Lorean asked us to leave it until six o'clock this morning before making up his mind, because he was still hoping until the last minute for a cash injection to arrive from the West Coast of America. Therefore we could not finally go ahead until after 6 am, although all the provisional arrangements had been made.

I have had the question of employment very much in mind over the past few weeks and have considered how we could preserve the best of the project. But the Government have put £80 million into the project in the past few years. The time had come when we had to say "No". Had we taken any other course, we should have had no credibility left in respect of the other ways in which we are trying to help in Northern Ireland. It was a difficult decision. We also had to bear in mind the implications for a large number of small creditors on both sides of the Irish Sea.

The Government's policy is to do all that we can to bring fresh investment to Northern Ireland. We give top priority to funds for commercial development. But until we have political advance and stability and better security in Northern Ireland it will be difficult to attract industries that will survive and prosper.

**Mr. J. Enoch Powell (Down, South):** Is the right hon. Gentleman aware that it will be hoped that in this case, too, bankruptcy will produce its usual beneficent and, indeed, indispensable, effects and that it will be what it



[Mr. J. Enoch Powell]

ought to be—the cause of securing genuine investment in genuine prospects? Has the right hon. Gentleman noticed that the sums of public money that have in any case been lost would have gone far to provide Northern Ireland with a permanent energy connection between the Province and the rest of the United Kingdom, on which firmly based industrial progress could have taken place? Will he bear that experience in mind in the formation of his future industrial and economic policies in the Province.

**Mr. Prior:** There are lessons to be learnt for everyone on these occasions. I am grateful to the right hon. Gentleman for what he said about a receivership giving an opportunity for a proper reconstruction. That is right.

I do not go quite as far as the right hon. Gentleman about the east-west connector. It would have cost considerably more than £80 million and would not necessarily have resulted in a definite improvement in Northern Ireland's energy position. We must consider all the factors together and do our utmost for the Northern Ireland economy. No one should underestimate the real suffering of the Northern Ireland economy, with 20 per cent. unemployment and in many areas over 40 per cent. male unemployment. If we did not have a problem of security and violence in Northern Ireland for other reasons, we should be close to it because of current economic and social conditions.

**Rev. Ian Paisley (Antrim, North):** Is the Minister aware that the question mark over De Lorean has had a demoralising effect in Northern Ireland, not only on the work force but generally? Will the remaining work force immediately be called to a meeting and told precisely what is happening? Is he further aware that we are appalled when we see on our television screens workers coming out of the factory saying "We do not know what is happening; we may not be in a job tomorrow"? Will he give us a firm assurance that the Government's instruction to Sir Kenneth Cork is that the factory should be kept going, as Sir Kenneth is on record as saying that it can be viable? Can the right hon. Gentleman give hope to the workers who have been paid off without the necessary 90 days' notice that they will have compensation?

**Mr. Prior:** I fully understand the great anxiety and uncertainty for the work force over the past few weeks. One would have liked to have said more to the workers to help them understand the position. Unfortunately, with so many commercial considerations involved and negotiations going on, it was not possible to give them further information. My hon. Friend the Minister of State has been in touch with the unions already this morning. Sir Kenneth Cork's statement at 9.30 am will have reassured the work force about the future in so far as he could.

The Government are not in a position to instruct the receiver, but Sir Kenneth has stated:

"Our objective will be to do everything possible, through a reconstruction of the business, to maintain in Belfast the operation to manufacture De Lorean motor cars."

That is also our wish and intention, but it will have to be through the injection of outside capital. That is why it is so important that nothing should be said to make Sir Kenneth's task more difficult.

**Mr. Gerard Fitt (Belfast, West):** Does the right hon. Gentleman agree that the opening paragraph of his

statement and his complimentary remarks about the workers have completely vindicated the previous Government's actions in taking steps that were so necessary to bring the company to Northern Ireland to redress the awful unemployment? Will the work force remain at its present level of 1,500? Will the Secretary of State deny the statements in the United States that during the three years that the company has been in Northern Ireland it has been subjected to 1,400 petrol bomb attacks, as that is a blatant untruth? Is he aware that all the people employed at the factory and living in the surrounding area wish to see the company continue with a work force of at least 1,500 or double that number?

**Mr. Prior:** I entirely corroborate what the hon. Gentleman says. It is a travesty of the facts to say that the factory was subjected to the fire bomb attacks that were suggested. It is extremely damaging to future investment in Northern Ireland, where the vast majority of people go about their daily business in the same way as people in the rest of the United Kingdom. The company has not been subjected to the actions suggested. They may have been used as an excuse for past failures in some cases.

I am in a generous mood, but with the benefit of hindsight there might be doubt about whether the project was the right one. The trouble is that when one is desperate to attract industry, to get employment in Northern Ireland, one may tend to go for industries that require a degree of assistance and may not be in a strong position. It is a difficult balance to strike. I do not wish to score party points.

The continuation of the plant will depend on the receiver making satisfactory arrangements with one or other of the people negotiating with him. The level of the work force will be decided by that. But from all the information and reports it seems that it was far too ambitious so early on to talk of sales of 18,000 to 20,000 a year; 8,500 to 9,000 would have been much more realistic. The fundamental management mistake was last July when a second shift was brought in. With a complicated sports car on the American market, subject to all the competition, all that I have seen shows that considerable management and marketing mistakes were made in over estimating the likely level of sales.

**Mr. James Kilfedder (Down, North):** Since I received a particularly nasty letter from an official of the De Lorean Motor Company merely because I had raised in this House the matter of the expenditure of £15,000 on Concorde travel for Mr. De Lorean and first-class air travel for the directors of the firm going to a meeting in New York—which the official dismissed as a mere pittance in relation to total investment—the Secretary of State's announcement should give a little hope to the punch-drunk Ulster industry. I was glad to hear his compliments about the skilled and hard-working work force in the factory.

Will the Secretary of State give an assurance that the De Lorean Motor Company and the engineering industry in Northern Ireland, and all the other firms involved, will be treated no less favourably than BL in the Midlands has been treated? Will the Secretary of State also give an assurance that the companies in my constituency, and elsewhere in Northern Ireland, which are owed money by De Lorean, will be paid quickly, as their survival depends on the money coming to them?

Finally, will the Secretary of State ask one of the Japanese firms to consider taking over De Lorean?

**Mr. Prior:** I must make it absolutely plain that I can give no assurance about the position of creditors. It would be wrong if I in any way sought to do so. I am afraid that they have to take their risks and stand alongside other people in this unfortunate business.

With regard to firms in my hon. Friend's constituency and other firms in Northern Ireland being treated no less favourably than those in Great Britain, firms in Northern Ireland are treated considerably more favourably than firms anywhere else in the United Kingdom. I shall go on defending that policy, because it is absolutely necessary that they should be. We should not underestimate the enormous amount of aid that Great Britain is giving to Northern Ireland. My concern is to ensure that the money is spent as well as possible.

**Mr. Stephen Ross** (Isle of Wight): I join with other hon. Members in welcoming the earlier part of the Minister's statement, in which he acknowledged the achievements of the work force at the Dunmurry plant. Whatever criticisms there may be of management—some may be justified but some are singularly unhelpful—the work force deserves credit for its great achievements. May I tell the Minister that we accept his unenviable decision as inevitable?

The Minister spoke of an annual production of about 8,000 cars. I understand that within the trade it is felt that the company would be more likely to be successful with an annual production of 5,500 or 6,000 cars. That has to be appreciated if the plant is to survive.

Is the Minister satisfied about the future marketing arrangements in the United States? Will the marketing still have to go through one of Mr. De Lorean's own companies?

**Mr. Prior:** The hon. Gentleman's last point would be one for the receiver to investigate. Undoubtedly, one of the most unsatisfactory parts of the whole structure of the business has been the relationship between the American company and the Belfast company. Certainly the receiver will not be satisfied to go on with the present arrangements—at least, I imagine that he will not, judging by the report that he has produced to me.

With regard to the level of car production, the company is very unlikely to be profitable at the very low figure of 5,500 to 6,000 cars. That is another of the problems. Production will have to get up to about 8,500 cars if the company is to stand any chance of washing its own face.

**Mr. Bob Cryer** (Keighley): Will the Minister clarify the position concerning the 1,100 workers who have already been made redundant and any people who will be made redundant in future? Everyone has praised the workers for their contribution, but will the Secretary of State accept that the company is not in a position to make redundancy payments to workers who have been made redundant through no fault of their own? Should not the Government be making a contribution in that direction?

Will the Minister explain a little more fully what sort of reconstruction is involved? Will the Northern Ireland Development Agency be involved in running the company with the receiver? Two of the agency's directors have been on the board. Does the Minister think that, for example, Mr. De Lorean, as a helpful gesture to build up confidence for the future, will be transferring the right to manufacture the car to the receiver or to the new company?

**Mr. Prior:** The hon. Gentleman's last point is a very important one. I must now leave it to the receiver. It is a point that the receiver will obviously have very much in mind. It is brought out in the confidential report that he has given to me.

The Employment Protection Act 1975 will cover those who have been made redundant. Redundancy payments will be made out of the redundancy payments fund to those who have already been made redundant and who up to now have not been paid redundancy money. Any further redundancies in a company which is in receivership will be treated in the same way.

The Northern Ireland Development Agency will have nothing further to do with the matter, for the simple reason that the receiver will have to set up a fresh company, and it will be the responsibility of the receiver to deal with that. Therefore, the NIDA arrangements will tend to fall by the wayside. I would not think that NIDA would have any further interest in the matter, other than the very considerable interest that we have in the property and in the working equipment, which is tied to the loans that we have made.

**Sir John Biggs-Davison** (Epping Forest): Those of us who have seen the factory and the men at work will feel particularly sad at this time. Is my right hon. Friend aware of the relief on the Conservative Benches that good money is not to be sent after bad? I admire the way in which my right hon. Friend has succeeded in directing funds to the relief of the distressed economy in Northern Ireland. Will he bear in mind—as I am sure he does—that future investment should be sound investment, as indicated by the right hon. Member for Down, South (Mr. Powell)?

**Mr. Prior:** I am grateful for what my hon. Friend has said. We need to look carefully at future investment, and to ensure that in any such future investment there is a larger input of private sector money to go alongside any money that is put in by the State. That is one of the lessons to be learnt. The other is that Northern Ireland has a very good work force, and we need to capitalise on it in every way that we can.

**Mr. John G. Blackburn** (Dudley, West): Will my right hon. Friend accept my congratulations and the congratulations of the House on the moral courage that he has displayed and on his dignity in making this very unhappy statement to the House today? Will he consider the effect that it will have on my constituency of Dudley in the West Midlands, where several firms are sole suppliers to the De Lorean Motor Company?

In the difficult negotiations with the receiver, will my right hon. Friend do everything in his power to create an air of confidence, and the sort of environment in which risk capital could be invested in the company?

**Mr. Prior:** I am grateful to my hon. Friend for his remarks. One of the factors that I have had in mind is the number of small suppliers in the West Midlands, in my hon. Friend's constituency and in other places who, as things stand, are likely to be badly affected by the receivership.

It is important that a number of cars that are on their way to the United States, in the United States, or in the factory at Belfast, and which have not yet been sold, should be sold at the proper price. That is the way in which the creditors are likely to receive the biggest dividend.

[Mr. Prior]

Therefore, in the interests of the creditors, nothing should be done to knock the car, let alone the future of the company. That is why it is so important that we should try to get off to a reasonable start.

**Mr. David Young** (Bolton, East): Will the Secretary of State note that many of the small firms in this country, such as those in my constituency, have a large proportion of their production geared to the De Lorean company? While the reconstruction is taking place, will he have discussions with his colleagues in the Department of Industry and the Department of Employment to see what can be done to tide over the small firms until the position of the De Lorean company becomes clear?

**Mr. Prior:** That is something that I shall consider with my right hon. Friend, as the hon. Gentleman suggested. Much will depend on how successful the receiver is in getting additional finance quickly into the new company. I shall discuss that with my colleagues.

**Mr. Peter Hordern** (Horsham and Crawley): Will my right hon. Friend confirm, apart from the waivers on the interest that he has announced, that the receiver has not called on him or the Government for any assistance in any reconstruction of the company that might occur in future? Secondly, in view of the substantial sums granted every year to Northern Ireland, will he consider whether that money is used in the best way or whether a regime of tax concessions—especially corporation tax—might not provide a better service to the people of Northern Ireland? Finally, does my right hon. Friend agree that the large-scale support that he and the Government give to Northern Ireland shows beyond any doubt the commitment of the Government and people of this country to Northern Ireland? That should not be held in any doubt in any quarters.

**Mr. Prior:** Everything shows that the people of Great Britain are prepared to do all that they can to help Northern Ireland and its people through a difficult period. I confirm that and I am grateful for my hon. Friend's final remarks.

Tax concessions I have under review and the manner in which money to help with investment is given to Northern Ireland. Many problems will be presented if we seek to go a different way in Northern Ireland from that which we follow in the rest of the United Kingdom. One of the attractions of my hon. Friend's suggestion is that it would bring us more into line with the Republic, which has been more successful until recently in attracting investment.

I confirm that there is no question of any further money or assurances being given by the Government to the De Lorean project, and that the only change we have made relates to the bond over the American company. Charges over the Belfast company remain exactly as they are and, of course, our royalties from the sale of each car remains as it is.

**Mr. Geoffrey Robinson** (Coventry, North-West): Is the Secretary of State aware that his last sentences rather upset what we would otherwise have regarded as a very sensitive and realistic approach to this most difficult question? He has, in Sir Kenneth Cork and Paul Shewell two of the most able receivers in the business. They have made a clear statement with a view to reconstructing the company.

I urge the right hon. Gentleman at this stage to rule out any further possible Government aid under a new scheme. He made a precise statement concerning the De Lorean project. It may be possible, via ECGD, the Northern Ireland Development Board or even through the Government to provide further aid on a realistic new project, and I urge him to keep an open mind. It is silly in Government ever to rule anything out beforehand.

Will those who have been made redundant in Northern Ireland qualify under the Employment Protection Act? Can he give precise figures on that aspect? Lastly, I am sure that he is aware of the serious situation of a factory in Coventry. Can he assure me that he has not ruled out Government help there? Is he aware that any Government help to tide the firm over a difficult financial period would, be most welcome.

**Mr. Prior:** Redundancies are covered by the Employment Protection Act. However, the additional problem is that the company did not give 90 days' notice, as it was required to do under that Act. That matter must go to an industrial tribunal and I believe that the unions have already made application. As I understand it—I shall have to refresh my mind—if the industrial tribunal rules against the company and the company is in receivership, payments still come out of the redundancy payments fund.

The hon. Gentleman urges me to keep an open mind about the future of the company. I must make it clear that both the Labour and Tory Governments have done everything in their power to help De Lorean. It would be wrong, and certainly not in the interests of the receiver in trying to attract new money, if there were any suggestion that further Government money would be made available to it the company. I must keep to that point.

**Mr. Peter Viggers** (Gosport): Does my right hon. Friend agree that economic and political progress and improvement of the security situation in Northern Ireland are indivisible and, for that reason, the location of the De Lorean plant alone justifies special measures being taken and might indeed justify special measures in the future? Does he agree that it is unrealistic for anyone to think that prosperity will bloom in Northern Ireland without continued strong Government support?

**Mr. Prior:** I am grateful for every remark made by my hon. Friend. That is very much the message I am trying to get across.

**Mr. Michael English** (Nottingham, West): While one can be sure that Coopers and Lybrand have done work of their usual high standard, it seems an extraordinary anomaly that the Comptroller and Auditor General of the United Kingdom seems to have no jurisdiction in Northern Ireland and that this parliament never decided that he should have such jurisdiction. Will the Secretary of State and the Treasury consider that very odd circumstance?

**Mr. Prior:** The hon. Gentleman raised that point with me on a former occasion and I am having some inquiries made because it is an aspect that is completely new to me.

**Mr. Douglas Hogg** (Grantham): Can my right hon. Friend tell the House a little more about the guarantees apparently surrendered? What were these guarantees? Why have they been surrendered? Is my right hon. Friend absolutely sure that those guarantees are presently valueless?

**Mr. Prior:** That was an overall guarantee given by the United States company—De Lorean Motor Cars—to the Department of Commerce and the Northern Ireland Development Agency for the loans they made to De Lorean Motor Cars Ltd. in Belfast. Mr. De Lorean said that he was prepared to invest \$5 million to keep the New York company solvent. However, of course, he was not prepared to put that money in if on the first occasion, as soon as the money was put in, we whipped it out to cover the guarantee for the Belfast company.

Because the report in front of us shows that without that \$5 million injection the New York company would become insolvent in a big manner and that we would therefore have been unlikely to get anything out of the company, it seemed to us that the benefits that the receiver said he needed to keep the marketing going in the United States, justified that action. I am satisfied that it in no way restricts the right we have on loans over the assets of the De Lorean Motor Cars Ltd. of Belfast.

#### Several Hon. Members *rose*—

**Mr. Speaker:** Order. I shall call other hon. Members, but I hope that they will bear in mind the Private Member's Bill that is being debated.

**Mr. Tony Marlow** (Northampton, North): While my right hon. Friend obviously has to make a very sad statement and while I agree with him that all the money so far invested was invested with the best of intentions, perhaps my right hon. Friend could help those such as the hon. Member for Coventry, North-West (Mr. Robinson), who ask for more direct Government investment in industry if he told us how much Government money has already gone for each job-year provided by De Lorean.

**Mr. Prior:** I cannot do it in terms of job-years, but the amount of money Governments have altogether put into De Lorean is just over £79 million. Of course, part of that sum was in employment subsidies, industrial and regional grants, the original share capital, part on a loan, and a £10 million loan was a guarantee to the bank.

At its peak, De Lorean employed 2,600 people. If one divides 2,600 into £80 million, one gets a figure of approximately £32,000 per job. Of course, that is spread over a period.

**Mr. Concannon:** Why not divide it by 7,000?

**Mr. Prior:** The right hon. Gentleman quickly reminds me. Those were the direct jobs. A great many indirect jobs also resulted from the operation.

**Mr. Ivan Lawrence** (Burton): Is my right hon. Friend heartened by the general feeling in the House of support for Northern Ireland and by the extraordinary agreement on both sides of the House that the solution to this tragic problem is not to throw even more public money at it? Does this show that the Government's economic message is beginning to get across, and is not that a most encouraging sign?

**Mr. Prior:** I am always heartened by cross-party agreement when dealing with such a sensitive and difficult issue as the future of Northern Ireland and our desire to bring peace, prosperity and employment to such a troubled country.

**Mr. Gary Waller** (Brighouse and Spensborough): Will my right hon. Friend accept my appreciation for the realistic attitude that he has adopted in view of the state

of the market in the United States for De Lorean cars? Will he also accept my appreciation of his efforts to save the jobs of workers in Northern Ireland and those who are employed by component manufacturers in this country? Is he aware that for component manufacturers there is a disproportionate effect because of the specialised nature of the product that has been specified by De Lorean? Will he accept my good wishes for any encouragement that he is able to give with the reconstruction and future of the company?

**Mr. Prior:** We have in Sir Kenneth Cork a man who understands Northern Ireland and who is keen to help in every way that he can. He is firmly of the mind that there is a future for the company at a reduced level. He wants to see it prosper and he has taken on board the effect on component manufacturers in my hon. Friend's constituency and in other constituencies. I should be wrong to be too optimistic about the outcome. We have many difficulties ahead of us. However, the response of the House this morning has shown me that there is more good will over trying to reach a sensible position than one might have thought over the past few weeks.

## Dogs (Miscellaneous Provisions) Bill

*Question again proposed,* That the Bill be now read a Second time.

**Mr. David Young:** At some time in our childhood or in our adulthood we have probably all been terrified by a dog that has not been under control. As politicians the most fearful experience that we can have during canvassing in an election is suddenly to find a huge dog hurling itself towards us from the back of a house or from somewhere else. As a dog lover, I put that down to a difference in political views between the dog and myself.

**Mr. Christopher Murphy** (Welwyn and Hatfield): All the dogs are Tories.

**Mr. Young:** They are usually intelligent, so I would not categorise them as Tories entirely. However, it is a frightening experience. It is even more worrying when packs of dogs are running wild. This sometimes occurs on school playing fields. It takes only one small incident to set off one of those dogs, or several of them, and the result is injury to a child, or a number of children.

It is society's duty to protect the public from the dog owners who should be responsible for them. Every dog lover is appalled by the cruelty that is involved in buying pups at Christmas time only for them to be jettisoned on motorways throughout the country or thrown out to fend for themselves. In controlling dogs we are acting as much in the animal's interest as in the person's interest.

A much more serious issue is the control of rabies. Governments of both parties have taken far too casual an attitude to the potential danger. It is only a matter of time before rabies spreads to the United Kingdom. Since the war it has spread from Poland to the Channel. It is a serious issue that must be considered at Government level.

Having accepted the need to control dogs, we must accept that it is the irresponsible owner that we must control primarily and not the stray dog. The feature about the Bill that worries me is that it seems that the cost of looking after and controlling dogs is being placed more and more on the responsible owner who will look after his dog in any event. It is a fairly responsible owner who buys a licence in the first place.

My second worry stems from the idea of leaving licensing to local authorities. That will lead to differential rates between authorities. For various reasons certain authorities may want to use the dog licence to deter dog ownership and not to control dogs. That will work against both irresponsible and responsible owners.

It appears that we are being asked to consider a self-financing scheme. Often those who need dogs are the old, those who live alone and those who are not especially well off. Financial control will act against those of limited financial means. That does not apply only to old-age pensioners. The dog licence should be centrally imposed and centrally administered. It might be sensible to increase the cost of the licence, but we must consider the effect on those who need dogs. Although we may be able to identify dogs and to license them, we are not able to deal with vandals in the same way. Many of the older people in my constituency wish to keep dogs because they fear the muggings and the attacks from which society is unable to protect them.

When we talk about financial means of control, we must remember that there are many who like dogs and want dogs. If dog wardens are to be given powers to deal with dogs that foul footpaths, society must provide places for owners to exercise their dogs. In some parks or playing fields the danger comes not only from dogs, but from horses and so on. Given that some control may be necessary, we must look at the other side of the coin. We all agree that there is a need to control dogs. However, control must be imposed in particular on unscrupulous dealers who sell dogs for a profit.

Generally, I support the Bill. I have some reservations and I have mentioned them to the House. However, before supporting the Bill in the Lobby, I should like those points to be clarified.

11.50 am

**Mr. Tony Speller** (Devon, North): My pedigree as a dog lover is well established. Even my car is called Rover. The breed lasts well, although it has been somewhat thinned over the years. I even come from the only constituency to have founded a breed of dogs, the Jack Russell. Indeed they were founded by the Rev. Jack Russell, vicar of Swimbridge, near Barnstaple. My family has always favoured wire fox terriers. Indeed, in relation to the fear expressed by the hon. Member for Bolton, East (Mr. Young), I should point out that my late mother—who kept wire fox terriers all her life—was never bothered by burglars, nor, for that matter, by postmen or milkmen.

A dog can be a guard or companion, but it can also be a nuisance to other members of the community. We must strike a balance between the absolute freedom to own and love a pet and the absolute obligation to the rest of the community, who may not love and honour the pet in the same way.

My hon. Friend the Member for Kingswood (Mr. Aspinwall) has produced a modest Bill. It should have been much more comprehensive, and I agreed with my hon. Friend the Member for Plymouth, Drake (Miss Fookes) when she said that we needed a larger and more detailed Bill. I suspect that this Bill was proposed in the hope that it would have more success, but I fear that even this modest aspiration may not be realised.

Misconceptions about dogs abound. To town dwellers, "sheep worrying" conjures up something like the hound of the Baskervilles, tearing the throat out of a ewe. However,

as the hon. Member for Stockport, North (Mr. Bennett) said, more damage is done by sheep worrying in which a tooth or paw is never laid on the beast. In our part of the world sheep are often worried by a pet poodle belonging to someone from Putney or Pudsey that escapes from the car and finds big woolly creatures, which we know as sheep and which jump and run and are fun to chase. That is why we need regulations. I entirely support the National Farmers Union. We cannot allow a metropolitan regulation of dogs, which may clean our footpaths but does not save the countryside. Indeed, the NFU thinks in much higher figures than those quoted earlier. It thinks that there may have been about 100,000 instances in which animals have been chivied and chased, although not necessarily killed. At this time of the year the abortion rate among breeding ewes can be economically frightening, and, in addition, the blizzards of recent months may have weakened the breeding stock.

The Bill is modest and I regret that on its way to proclaim its modesty it is covered with more and more clothes and is less exposed to detail and fact. I regret that it does not cover working dogs. Exeter and Leamington Spa are the two main centres for guide dog training. It is well known that guide dogs cannot be used until they are well over the six-month age limit, at which a licence is needed. A dog is selected, trained, walked and then finally trained. In Committee, we must make allowance for guide dogs throughout their existence. In addition, there have always been agriculture exemptions for working dogs and these must be maintained.

It is illogical to expect those who show and breed animals to share in individual licensing. Given the movement in the dog population, we shall end up with something like the vehicle registration centre at Swansea several months or a year behind with the transfer of top breed dogs that are moved from owner to owner. Therefore, we must consider a measure that is a little wider than at present. In my part of the country hunt kennels form an important part of the community. We get a far bigger turn out at the local hunt than at the local football match and the sport is usually better. There is no doubt that kennels and breeders must also be given exemption from individual licensing.

It may seem strange to pass from Exmoor and sheep breeding to urban streets, but I should like to quote from someone who played an important part in my formative years. Christopher Robin said:

"Whenever I walk in a London street, I'm ever so careful to watch my feet."

I seem to remember that Christopher Robin was afraid of bears and of stepping on the lines, but I walk the streets near my London flat and unless I am careful my shoes become fouled. My constituency is both agricultural and seaside. I am well aware that if one child is fouled by dog dirt that may be the last time that the family will visit a seaside resort.

If the Government are not enthusiastic about the Bill they should bear in mind that electors are. Our postbags are full of complaints about the lack of control, dogs that chase sheep and so on. Everything that hon. Members have said is mentioned by constituents in their letters and those letters fill the postbags of all hon. Members. It would be an unwise Government who were seen to be against sensible and modest legislation.

The Bill places the power where it should logically lie, not at the Ministry of Agriculture, Fisheries and Food,



NORTHERN IRELAND OFFICE  
GREAT GEORGE STREET,  
LONDON SW1P 3AJ

John Coles Esq  
NO 10 Downing Street  
LONDON  
SW1

18 February 1982

Dear John,

mt

h.a. 100 1/2

DE LOREAN

.... I attach a provisional draft of the statement my Secretary of State expects to make tomorrow morning, 19 February, at 11 am.

Mr De Lorean holds out the hope of a further injection of funds. We will know by 9 am whether he has been successful; in the event that he is, the statement will need substantial change. On the assumptions that he does not succeed, and subject to any other developments, this is the text my Secretary of State expects to use.

I am sending copies of this letter to the private secretaries to other members of Cabinet and to Sir Robert Armstrong.

Sw,  
S W Boys Smith

S W BOYS SMITH

As my Hon Friend told the House on 28 January, I commissioned reports from Sir Kenneth Cork and from Coopers and Lybrand on the current state of, and future prospects for, the De Lorean motor business. On the basis of these reports, it is clear to me that there have been some remarkable achievements in this enterprise in terms of:-

- constructing at Dunmurry near Belfast a modern and well equipped motor plant
- designing and developing a new car
- recruiting and training a substantial labour force
- getting series production under way, and introducing the product into the American market.

The importance of this enterprise to the Northern Ireland economy in general, and to West Belfast in particular, is self evident. In addition, the enterprise has underpinned substantial employment in a range of supplying and supporting businesses, in Northern Ireland, in Great Britain and further afield.

However, the reports made to me have shown that De Lorean Motor Cars Limited was insolvent, and therefore could not continue in business without the injection of substantial further finance. Mr De Lorean and other directors of DMCL met me yesterday to tell me that, while a number of promising lines of discussion with private sector parties interested in investing in the business had been opened up, none could be brought to a successful conclusion in time to cope with the immediate

E.R.

cash crisis. For my part, I had to reiterate to the directors that, having already supported the business to the extent of almost £80m, Government could not contemplate putting further public money at risk.

On this basis we agreed that the Company had no alternative but to go into receivership and the formal steps to appoint Sir Kenneth Cork and one of his partners as Receivers of the business of DMCL have now been taken by the Department of Commerce, on foot of its Debenture. The Receivers, however, have already made it clear in a public statement that it would be their objective to secure, if possible, through a reconstruction of the business a future for the Dummurry enterprise as a going concern. I very much welcome this statement of their approach. They have also asked that, to facilitate them in this approach, and in the light of an offer by Mr De Lorean to put \$5m of new resources into the American company, we should review the obligations of that company to Government so as to enable it to continue to trade and to maintain an orderly market for the cars in the United States. Mr De Lorean's investment could not have that effect if this \$5m had to be used to discharge guarantees or counter guarantees from that Company in respect of borrowings by the Northern Ireland company advanced or guaranteed by Government. Since the American company would be insolvent without the injection of Mr De Lorean's personal investment, the Government would not be surrendering, in abandoning these kinds of guarantee, an advantage of any practical importance.

In the circumstances, on the advice of the Receiver, and with the objective of trying to preserve the business as a going concern and thus at least maintaining a prospect of a continuing return from the Government's investment in the overall project, I have agreed to the



E.R.

withdrawal of these guarantees or counter guarantees on Mr De Lorean's making his \$5m investment. Existing charges on the Northern Ireland Company in relation to borrowing by it, of course, remain in force.

It is clearly a matter of concern to Government that this position should have been reached. There can be no guarantee that through reconstruction a secure way ahead can be found. But the Receivers have made it clear that serious negotiations with interested parties are under way.

I hope that all concerned will now work together to explore the scope for establishing a more viable, more realistic and financially secure basis on which the De Lorean sports motor project might survive and continue to provide much needed employment in Northern Ireland. The Board of DMCL have assured me that they will do all in their power to assist the Receivers in their task.