



C.C. Andrew Dwyer

Prime Minister

Content with
E(EA) conclusions?

PRIME MINISTER

Agreed
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20/11

FINANCES OF THE PORT OF LONDON AUTHORITY

This note reports the discussion in E(EA) on 19 November about two papers which the Minister of Transport circulated on the Future of the Port of London Authority (E(EA)(79)53 and 66). Decisions are urgent because he hopes to introduce a Bill next month and secure a Second Reading well before or immediately after Christmas.

As you know, the Port of London is in serious financial difficulty, largely as a result of the change in the pattern of sea-borne trade in the last ten years, and its own failure to adjust its work-force fast enough to respond. It has already closed some of the upper docks (London, St Katherine's and Surrey Commercial) and it is public knowledge that it has seriously considered closing both the Royal Group and the India/Millwall Group upper docks. The last Government postponed a decision on this, but undertook to provide £35 million to finance 'severance payments' to help the PLA run down its excessive labour force, and promised loans of a further £25 million. We are committed to at least this level of help.

The Minister of Transport invited us to consider four options: Receivership; a direction to close one of the upper dock groups; a direction to close both upper docks; and a 'cash limit' approach, /under ...



under which the Government would announce the amount of money it was prepared to make available, and leave the PLA to take the necessary decisions. The Sub-Committee came down in favour of the fourth option.

The option of Receivership was seriously considered. However, the PLA is a statutory body, not under Companies Act Rules. There is no provision in the Act for a Receivership. Because the PLA exercises regulatory functions, and is responsible for the navigation of the whole Thames Estuary, as well as the operation of its own docks, there would be a severe risk of disruption to other traffic (including oil traffic) if the Authority were put into Receivership. Moreover, the Government appoints most of the members of the Authority, and is the largest creditor (holding some 85% of its debt). The object of a Receivership is to safeguard the assets of the Authority, and the Attorney General advises that this can best be done by keeping the Authority in existence, rather than appointing a Receiver.

The objection to the second and third courses is that both involve the Government too much in the actual decision to close one or more docks. It is preferable that this decision should be taken by management, if possible with the acquiescence of the unions, and not by Central Government.

The fourth option distances Government somewhat from the decision-making. The amount of finance to be made available would be, as

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in this case, and that the best course is to proceed on the lines proposed by the Minister.

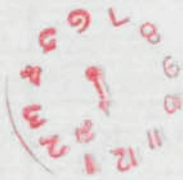
I am copying this to the members of E(EA) and to Sir Robert Armstrong.

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K J

20 November 1979

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E(EA)

b.c. Mr. Duguid



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From the Private Secretary

22 November 1979

+ C.O.
+ Transport

FINANCES OF THE PORT OF LONDON AUTHORITY

The Prime Minister has considered your Secretary of State's minute of 20 November on the above subject, and is content with the conclusions reached by E(EA) Committee on 19 November.

I am sending copies of this letter to the Private Secretaries to the members of E(EA) Committee and to Martin Vile (Cabinet Office).

I. P. LANKESTER

Ian Ellison, Esq.,
Department of Industry.

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