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My ref:
Your ref:

10 February 1983

Dear Nuteall

WATER INDUSTRY PAY DISPUTE

I attach a copy of the statement my Secretary of State intends to make to the House on the current situation in the water dispute, this afternoon. It is, of course, still subject to drafting changes before 3.30 pm.

I am copying this to the Private Secretaries to the Home Secretary, the Chancellor of the Exchequer, the Leader of the Commons, the Paymaster general, the Secretaries of State for Employment, Scotland Wales and to the Chief Press Secretary at No 10.

John
John

D A EDMONDS
Private Secretary

STATEMENT ON WATER DISPUTE - 10 FEBRUARY 1983

With permission, Mr Speaker, I would like to make a further statement to the House about the water industry dispute.

Since my statement last Thursday there has been little change in the number of people advised as a precaution to boil water. This now stands at 7 million.

There has been a further increase of some 15,000 in the number of properties now without normal supplies which now stands at 38,000.

Once again arrangements have been or are being made for alternative supplies.

There have been some further reconnections of properties to mains supply.

The quality of effluent from many sewage treatment works continues to deteriorate and some streams are polluted, but there has been no serious effect on rivers.

In my statement last Thursday I informed the House that the employers were ready to have immediate negotiations about higher earnings in relation to improved productivity under the terms recommended by the mediator in paragraph 8 of his report. These negotiations took place on Sunday, at which time the employers tabled a series of proposals.

These proposals covered improvements in productivity, pay by credit transfer and changes in working practices.

In spite of 12 hours of discussion at ACAS on Sunday no agreement was possible.

At this point since there was still no agreement the employers exercised their right to invoke the final stage of the agreed procedure, in accordance with the agreement signed by both parties and witnessed by Mr Lowry of ACAS on 21 January. I now quote from Mr Lowry's letter which accompanied the agreement:

"The third sentence of the clause deals specifically with possibility of arbitration - the final stage in the procedure. It emphasises that arbitration is the course of last resort which means that it will only be used when negotiations properly carried out (in this instance with the help of the mediator) have failed to produce an agree-

ment. I consider that the sentence is absolutely clear. In the circumstances of such a disagreement either party would have the right to seek arbitration and the other would have the obligation to respond."

Last night ACAS were formally told by the Trade Union side that they were not willing to accept arbitration.

Mr Speaker, in my 2 previous statements to the House I urged the earliest possible end to this damaging dispute which while only affecting a small proportion of the population is none the less causing very real hardship and distress to many, not least the sick and the elderly.

I also stated my belief that the offer of an increase of an average of £10 a week, quite apart from any further benefits through increased productivity, is by any standards this year a very fair offer indeed.

I also made clear in both statements that there were 2 main options to achieve an end to the dispute and an immediate return to work.

The first of these options involved negotiations on higher earnings for productivity as recommended by the mediator.

These negotiations failed to produce agreement.

There therefore remains the second option:

that the agreement reached through ACAS must be honoured and the terms of the national agreement requiring arbitration must be followed.

If normal service to the public is to be resumed and if the water workers are to lose no more earnings it is vital that those concerned reconsider their position and agree to accept binding arbitration as clearly stated in the Agreement.

The whole House will appreciate the seriousness of the situation if a clear agreement, freely entered into, that provided the sensible procedure for resolving this dispute is not to be honoured.

Mr. Biffen: I shall certainly draw the attention of my hon. and learned Friend the Minister for Trade to the hon. Gentleman's anxieties about the Export Credits Guarantee Department. I should also have thought that, as the hon. Gentleman has such a passionate feeling about the whole issue, he might have been doing his best to secure an Adjournment debate.

Water Industry (Dispute)

4 pm

The Secretary of State for the Environment (Mr. Tom King): With permission, Mr. Speaker, I should like to make a further statement to the House about the water industry dispute. Since my statement last Thursday there has been little change in the number of people advised as a precaution to boil water. This now stands at 7 million.

There has been a further increase of some 15,000 in the number of properties now without normal supplies which now stands at 38,000. Once again, arrangements have been, or are being made, for alternative supplies. There have been some further reconnections of properties to mains supply. The quality of effluent from many sewage treatment works continues to deteriorate and some streams are polluted, but there has been no serious effect on rivers.

In my statement last Thursday, I informed the House that the employers were ready to have immediate negotiations about higher earnings in relation to improved productivity under the terms recommended by the mediator in paragraph 8 of his report. These negotiations took place on Sunday at which time the employers tabled a series of proposals. These proposals covered improvements in productivity, pay by credit transfer and changes in working practices.

In spite of 12 hours of discussion at ACAS on Sunday, no agreement was possible. At this point, since there was still no agreement, the employers exercised their right to invoke the final stage of the agreed procedure, in accordance with the agreement signed by both parties and witnessed by Mr. Lowry of ACAS on 21 January. I now quote from Mr. Lowry's letter which accompanied the agreement:

"The third sentence of the clause deals specifically with possibility of arbitration—the final stage in the procedure. It emphasises that arbitration is the course of last resort which means that it will only be used when negotiations properly carried out (in this instance with the help of the mediator) have failed to produce an agreement. I consider that the sentence is absolutely clear. In the circumstances of such a disagreement either party would have the right to seek arbitration and the other would have the obligation to respond."

Last night ACAS was formally told by the trade union side that it was not willing to accept arbitration. [HON. MEMBERS: "Shame".]

In my two previous statements to the House, I urged the earliest possible end to this damaging dispute which while only seriously affecting a small proportion of the population is none the less causing very real hardship and distress to many, not least the sick and the elderly.

I also stated my belief that the offer of an increase of an average of £10 a week, quite apart from any further benefits through increased productivity, is by any standards this year a very fair offer indeed.

I also made clear in both statements that there were two main options to achieve an end to the dispute and an immediate return to work. The first of these options involved negotiations on higher earnings for productivity as recommended by the mediator. These negotiations failed to produce agreement. There therefore remains the second option that the agreement reached through ACAS must be honoured and the terms of the national agreement requiring arbitration must be followed.

If normal service to the public is to be resumed at the earliest possible moment and if the water workers are to

challenge the findings of the Procedure Committee of 1977-78 which decisively rejected the concept of automatic timetabling, but I must tell my hon. Friend that one must take one's chances when one can. I should have thought that the general proposition he is making would be wholly appropriate for the debate we are to have on Wednesday.

Several Hon. Members *rose*—

Mr. Speaker: Order. A large number of hon. Members are rising and I cannot commit myself to call all of them. However, if questions are brief I shall try to call all those hon. Members before we have the statement on the water dispute.

Mr. Peter Hardy (Rother Valley): Is the Leader of the House aware that we had yet another unsatisfactory debate last night when the Minister took a large part of the hour and a half available for the House to consider assisted places? I think both sides of the House were complaining about it, as I complained about it when I sat on the Government Benches.

Does the Leader of the House accept that the Minister raised more questions than he answered? Will he also suggest to his colleagues, since we cannot expect any early reform in the structure of late-night debates, that Ministers, when contributing to such debates, should take rather less time than they are currently doing, particularly since they seem to say remarkably little at great length?

Mr. Biffen: I cannot accept the strictures made against my hon. Friend the Under-Secretary of State for Education and Science. In general terms, I accept entirely the proposition that speeches lose nothing by brevity.

Mr. Greville Janner (Leicester, West): When can we expect a debate on the need for opening up the mines in the vale of Belvoir? As the existing mines are swiftly becoming exhausted and grave unemployment is looming, can we at least have a statement from the Secretary of State for the Environment that he will no longer prevent the opening up of the pit at Asfordby, a procedure begun by his predecessor and so disgracefully continued by him?

Mr. Biffen: My right hon. Friend is in his place and will have heard what the hon. and learned Gentleman has said. I will also draw his attention to the point made.

Mr. David Winnick (Walsall, North): If the arm-twisting and pressure of the Government Whips and managers on the rebels over the immigration rules does not work next week, what is likely to be the next step in this long-running farcical saga?

Mr. Biffen: A resounding victory on Tuesday.

Mr. Tom Clarke (Coatbridge and Airdrie): When the House approaches the debate on the Brandt report which has been promised by the Leader of the House, will there be some form of written statement of the Government's position before the debate or will it consist simply of an oral report and discussion?

Mr. Biffen: The hon. Gentleman has much charm and is seeking to entice me into giving a much more elaborate reply than the one I gave to the Leader of the Opposition, but it would be discourteous to the Leader of the Opposition if I went any further.

Mr. Ioan Evans (Aberdare): Will the Leader of the House give urgent consideration to making a statement

next Thursday about when we will debate disarmament, in view of representations from all sides of the House, in view of the fact that the United Nations has demanded that Parliament address itself to nuclear disarmament and in view of the fact that the Prime Minister does not seem to understand that she has committed herself to land-based nuclear missiles before the end of the year?

Mr. Biffen: All I can say to the hon. Gentleman is that I note in many parts of the House a very real interest in and anxiety to have such a debate but time is a precious commodity and I shall have to see how best one can encompass the request.

Mr. Stephen Ross (Isle of Wight): Can I draw the attention of the Leader of the House to last night's "Tonight" programme on BBC 2, which cast grave doubt on the efficiency of cruise and Pershing missiles, which have had more failures than successes? As that information is available to both congressmen and senators in the United States, before we have any defence debate in this House can it be made available to hon. Members here?

Mr. Biffen: The programme can be made available in the sense that a video film of it is readily available. I cannot go further than that.

Mr. Bob Cryer (Keighley): May I join other hon. Members, particularly those on the Labour Benches, in supporting a request for a debate on disarmament and suggest that the Leader of the House might consider allocating two days to such a debate?

May I also urge him to consider a debate on health and safety at work? He will know as well as I do that more days are lost each year through industrial injuries and accidents than through strike action yet the Government have brought in Bill after Bill attacking trade union's ability to take industrial action. Should the Government not attack the real cause of lost time at work, industrial injury?

Mr. Biffen: I note what the hon. Gentleman says about a debate on disarmament and that he thinks two days would be more appropriate than one.

I agree that we constantly overlook the importance of industrial injuries. I will certainly take note of the point the hon. Gentleman makes and draw it to the attention of the relevant Minister but I must say candidly that there is no prospect of Government time being made available for a debate on that topic in the near future.

Mr. Dennis Skinner (Bolsover): Does the Leader of the House agree that the role of the Export Credits Guarantee Department is to guarantee money that in some circumstances cannot otherwise be obtained? Does he accept that there is a very serious problem with the ECGD and that some would argue, as indeed some press speculation has suggested, that the whole apparatus is bust? *[Interruption.]* I do not need any advice from one of the Slater Walker blades. Taking into account the fact that the Crown Agents have been ordering materials and spares for certain countries, including Nigeria, and that firms in this country have not been able to get the money and the Crown Agents cannot get it for them, surely it is time someone came to the Dispatch Box and made a statement on this matter of ECGD and the Crown Agents and the financial circumstances surrounding both departments.

lose no more earnings, it is vital that those concerned reconsider their position and agree to accept binding arbitration as clearly stated in the agreement.

The whole House will appreciate the seriousness of the situation if a clear agreement, freely entered into, that provided a sensible procedure for resolving this dispute is not to be honoured.

Mr. Gerald Kaufman (Manchester, Ardwick): Is the right hon. Gentleman aware that the country views with grave misgiving the prolongation of this potentially exceptionally grave dispute and that all hon. Members want an early and honourable end to it before major damage and hardship, beyond what is already being suffered, is brought about? It is useful that following his unhelpful radio interview last Friday the Secretary of State has said nothing today to exacerbate this situation further. However, will he have a word with the Secretary of State for Employment whose false and malicious statement last Tuesday could have been a major setback to any prospect of a settlement?

Why, in his statement, does the Secretary of State not present the situation in the balanced manner of the ACAS report rather than in the partial way in which he has presented it to the House today? Why did he not quote the condemnation of the employers' approach in last night's statement by ACAS saying that

"Expectations raised by certain statements made to the media by the employers and subsequently dashed have not made the negotiations easier and have prejudiced the prospects of a settlement."

The Minister has referred to negotiations which he says took place last Sunday. There were no negotiations. What happened was that the employers stated their terms and did not budge from them throughout the day. Why are the employers so reluctant to accept a proposal by the unions of an inquiry whose terms of reference would deal with wider issues such as the restoration of a stable and long-term industrial relations framework in the water industry? Will the Secretary of State assure the House that the Government are not involved in the refusal by the employers?

Why did not the Secretary of State tell the House that the unions stated last night that if an inquiry had been allowed to proceed the dispute could have been over by the weekend? Why did he not tell the House that the unions involved in the dispute have an honourable record of accepting the recommendations of inquiries—*[Interruption.]* The Secretary of State for Employment has no conception of what honourable means.

Mr. Speaker: Order. In the heat of the moment, people say things that they would not otherwise say. The right hon. Gentleman will withdraw that remark.

Mr. Kaufman: At your request, certainly, Mr. Speaker.

On the other hand, I hope that the Secretary of State will withdraw his untrue statement on Tuesday that in the water industry there is

"a long trail of agreements that have been voluntarily entered into and ruthlessly broken".—*[Official Report, 8 February 1983; Vol. 36 c. 874.]*

and if he will not withdraw it, he will document it, as the Department of Employment, questioned about it by the press says that it knows nothing about it.

The Secretary of State should make clear his wish that the employers accept an inquiry on the terms of reference

proposed. This dispute must be settled quickly and honourably. We, on this side, will do our utmost to bring that about.

Mr. King: I certainly join the right hon. Gentleman in his opening remarks. This is a grave and serious dispute.

Mr. Dennis Skinner (Bolsover): Will the right hon. Gentleman withdraw that statement?

Mr. King: It is causing intolerable hardship to many of our fellow citizens. I should like to see it ended at the earliest opportunity. The right hon. Gentleman cannot have it both ways. He draws attention to the concern of ACAS over expectations being raised rather higher than was justified. We are aware that the original interview with Mr. Hill on "The World at One" by Robin Day did give rise to a misleading impression. The right hon. Gentleman then criticises me for an unhelpful intervention when I was seeking precisely to avoid the charge that expectations had been raised too high, and echoing what Mr. Hill had himself said on "Newsnight" that night when he sought to correct what he realised could have been a misleading impression. I will not take the House through the transactions, but hon. Members will be familiar with those broadcasts.

The right hon. Member for Manchester, Ardwick (Mr. Kaufman) said that there had been no negotiations during the 12 hours in which the two sides discussed possibilities of improved earnings for productivity. He will be aware—I have a list of proposals made—that there were a number of proposals, some involving earnings improvement for everybody on a modest scale, some involving significant increases for those who change their working practices and some involving a reduction in the working week next year for everybody in the industry. At the same time, the employers invited the unions to put forward any proposals that they had to improve earnings through improved productivity. I am sorry to say that they were unable to respond. My right hon. Friend the Secretary of State for Employment, when referring to the breaking of agreements, spoke of the one-day strike, which I am sure that the House would not support, and which took place in November in breach of every agreement. At the moment, there is a procedure for the settlement of the dispute. We are trying to get people to revert to the procedures in the existing national agreement.

The right hon. Member for Ardwick and the Leader of the Opposition will know that it is fundamental to any system of industrial relations that if an agreement is signed—I was trained in this when I was in industry by some tough union leaders—union leaders should take pride in seeing that it is honoured. The seriousness of this problem is that there is a specific agreement, witnessed by the chairman of ACAS. The problem for ACAS now is that the unions, sadly, are refusing to honour it. I hope that they will reconsider their position.

Mr. Kaufman: After a hurried conversation with the Secretary of State for Employment, the right hon. Gentleman has dragged out what he claims is one example—or is it two? Will he now document what the Secretary of State for Employment called

"a long trail of agreements that have been voluntarily entered into and ruthlessly broken by the unions concerned".—*[Official Report, 8 February 1983; Vol. 36, c. 874.]*

If the right hon. Gentleman shares the Secretary of State for Employment's view expressed in those disgraceful

[Mr. Kaufman]

words, he could not rely on the good faith of the unions to honour an arbitration agreement if arbitration were proceeded with.

Does the right hon. Gentleman deny that the unions involved have an honourable record in accepting the recommendations of inquiries? Is he impugning the integrity of the union negotiators? If he accepts the integrity of the union negotiators, will he encourage the employers to take part in an inquiry?

Mr. King: I am not impugning anybody's integrity, and it would be singularly unhelpful if I did. The decision so far taken by the union leaders is unwise, and unwise for the whole trade union movement. How can the employers in this dispute possibly go forward, as they have been invited to do, to enter into fresh agreements about some fresh form of negotiation if they have no confidence that this agreement, so seriously entered into and witnessed by the chairman of ACAS will be honoured? Some agreements can be vague, but this has been very carefully drawn out. If it is not honoured, that is serious.

What I have said on this serious matter, about which everybody who cares about the proper conduct of industrial relations in this country must be concerned, should be reconsidered and the resolution of the matter as provided for in the agreement, should be pursued immediately.

Mr. David Steel (Roxburgh, Selkirk and Peebles): Is the Secretary of State aware that, while the failure to use the agreed arbitration procedure is deplorable, the public, listening to the various interviews given on radio and television over the past few days by both sides to the dispute, have received the clear impression that the negotiations have been conducted with an unparalleled degree of downright incompetence? Will the Secretary of State consider calling both sides together and offering to set up an independent inquiry into the pay and conditions of the water industry workers?

Mr. King: It was always known that the negotiations would be difficult this year. There is the issue of what is called the upper quartile. It was always recognised, and that is why the employers at the very start, faced as they were with the wide gulf between what they thought the industry could afford and what the unions expected—it is generally known, and the unions have just reconfirmed, that they expect something in excess of 15 per cent. this year—

Mr. Skinner: What is wrong with that?

Mr. King:—that with this wide gap it was necessary to have some arbitration to resolve the matter. This is why that is in their national agreement. I am grateful that the right hon. Gentleman, if I interpret correctly his opening remarks, would join me in calling for the strict observance of the national agreement and specifically the agreement so recently signed.

Mr. Eric Cockeram (Ludlow): Can my right hon. Friend confirm the announcement on the tape at lunchtime today that the main 75-mile pipeline to Birmingham has burst outside Ludlow, and that, further, if it is not repaired, the Birmingham supply will be endangered in three days' time? If that is so and my right hon. Friend cannot get that pipeline repaired by the water industry, will

he accept that there are many worthy citizens in Ludlow and elsewhere who will repair the pipeline in the interests of the sick and the elderly in the city of Birmingham?

Mr. King: I was not aware that there had been a burst. I have heard a report that there may be a blockage, but in any case that there was some interference with the flow. Clearly, this is covered by the emergency cover arrangements that are part of an agreement between the unions and the water industry. I trust that in a matter of this importance, the emergency cover arrangements will operate. It is known to the House, and I pay tribute to it, that in many parts of the country, where it has been necessary, the water workers have been prepared to take emergency steps to meet emergency arrangements. While there have been one or two problems in certain areas, I hope that people will recognise the importance of strict observation of the emergency cover arrangements.

Mr. Peter Hardy (Rother Valley): Will the Minister confirm what he seemed to be saying in his statement, that the water workers were offered a certain £10 a week extra? How can he be sure of knowing what the employers are offering, when the employers do not seem to know what they are offering?

Mr. King: I make my case clear—the £10 is an average. I have carefully checked this against the average earnings. If the hon. Gentleman calculates the 7.3 per cent. against the figures of average earnings shown in the new earnings survey, he will see that that is one check. He can then tack it on the base rates and add it to the average earnings. He will find that the figures are correct.

The figures are difficult, and while certain people have sought to exploit the details, the figures depend on the years of service, on the amount of overtime worked, on whether the person is on a shift, and on a number of different factors that can affect earnings. The average of £10 is, on my best information, correct.

Mrs. Shirley Williams (Crosby): Is the Secretary of State aware that his statement is perhaps a little complacent as it is now suggested that there may be raw sewage in the streets in north Wales and other parts of the country, particularly Gloucester? While my party would accept the Secretary of State's attempts to get binding arbitration on both sides, he will be aware that there is some mistrust in the arbitration procedure, not least because, in principle, a year ago Ministers decided to bring to an end the arbitration procedure in the water industry. In the light of that, will the Secretary of State consider the possibility of a committee of inquiry, but on the assumption that it would have to be binding on both sides as a possible way of making progress in what is now a tangled and increasingly difficult dispute?

Mr. King: There is no truth in the right hon. Lady's suggestion that we are getting rid of arbitration. The only question that has arisen, which is one of the features of the water industry's structural procedures, is the unilateral access to arbitration. That is a different matter, and is not necessarily the arbitration procedure.

I have no reports on the right hon. Lady's comment about sewage. At the moment, I stand by the statement that I have made. However, I am grateful to her for what she says about agreements. Anybody who has the most elementary knowledge of industrial relations knows that if