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FROM THE PRIVATE SECRETARY
TO THE SECRETARY OF STATE
FOR WALES

5 July 1984

Deat Dinah

BUS WHITE PAPER

My Secretary of State has now considered the Annexes to the draft White Paper and has asked me to send you the enclosed comments which point up apparent inconsistencies and problems that have been identified by Mr Chirs Butler (Special Adviser).

Copies of this letter also go to Private Secretaries to recipients of Mr Ridley's minute to the Prime Minister dated 14 June.

Yours ever

Colin Jones

Miss Dinah Nichols
Private Secretary to the
Secretary of State for Transport
Department of Transport
2 Marsham Street
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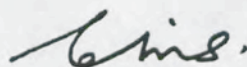
PS/Secretary of State
PS/Minister of State

BUS WHITE PAPER AND ANNEXES

Nicholas Ridley's letter to colleagues of 14 June states "Our proposals will be vigorously attacked by the vested interests concerned and it will be vital to demonstrate to the passengers of the bus industry that they are founded on full and detailed analysis of the industry. I therefore think it very important to include 5 technical Annexes in the White Paper"

I believe the same can be satisfied, and without giving immediate arguments for our opponents to advance publicly (in the case of major home goals) and in Committee (in the case of detailed points which could better be omitted). Unfortunately, the Annexes do not achieve this. The main offenders in this regard are Appendix B and Annex 3. Appendix B investigates the issue of cross subsidy and makes observations which "can be used to give an indication of likely changes" (page 8). Bluntly, the Appendix points to the fact that Sunday, early morning, late evening, and rural services are often "unprofitable" and raises the spectre of substantial deterioration in services following deregulation. It can possibly be rewritten much more positively and substantially slimmed down, but at the moment it is a positive goldmine for our opponents. Annex 3 deals with the effects of the Transport Act 1980 in developing bus services in the 3 trial areas. Unfortunately only one of them - Hereford - appears to have made substantial gains out of deregulation and even here it admits that "The eventual outcome in Hereford is unpredictable". This is not the kind of evidence to back-up a major change of this kind and once again provides several leads for our opponents. Annex 3 needs to be substantially shorter, concentrate on Hereford, and be much more positive in its drafting.

I attach a detailed analysis of these Annexes with the inconsistencies and problems that I have identified.



4 July 1984

CHRIS BUTLER
Special Adviser
233 4107

cc PS/MINISTER OF STATE
PS/POSS
PS/PERMANENT SECRETARY
MR R A LLOYD JONES
MR R JARMAN
MR A H H JONES

ANNEXES TO BUS PAPER - DETAILED COMMENT

Annex 1

On page 1 of the Annex it states that "Only 8% of all passenger travel is by bus". Paragraph 1.1 of the draft White Paper says that over 10% of all journeys are made by bus. These figures may not be comparing exactly like with like but they do at first sight appear to differ. Paragraph 1.1 of the draft White Paper goes on to say "Most of the people who take the bus do not have the use of a car. Most are people in less well paid jobs or unemployed, women, pensioners or school children". This is not backed up by statistics in the Annex. In fact, this is a general fault. There are a number of cases in the White Paper where statements are made which could be backed up by appropriate tables in the Annex and are not; and, conversely, there is information in Annex 1 which is, to put it at its best, extraneous and superfluous to the main thrust of the argument.

Paragraph 1.2 of the draft White Paper says that "A percentage of all journeys made by bus has gone down from 40% to 8%" since 1955. The figures in the corresponding table in Annex 1 give 1953 figures but not 1955 figures.

On page 1, Table 2 the total of all operators is slightly understated. I prefer totals to add up.

On page 4, paragraph 11 there is an unnecessary reference to 1983 and increasing stage journeys in London transport and in PTE journeys. We do not need to compliment them on their miniscule achievement.

Paragraph 15 is largely extraneous and could set possible hares running.

Paragraph 16 and Table 12 taken together could be read as minimising the importance of bus travel in rural areas. This certainly conflicts with the tone of the opening paragraphs of the White Paper. I would be inclined to leave out table 12 and lessen the message of paragraph 16.

Paragraph 27 states "conventional and innovatory forms of public passenger transport are playing an increasing role in rural areas". This conflicts with the White Paper where it refers to Scotland in Paragraph 7.3 where it is stated that the alternative forms of rural road transport "Did not produce major results". I suspect that the Scottish experience is largely reflected in Wales as well. I would suggest changing paragraph 27 to "Unconventional and innovatory forms of public passenger transport do play a much appreciated role in rural areas".

Table 18 does contain very powerful evidence of increased revenue support from 0.4 pence per stage passenger journey in 1972 to 7.9 pence in 1982 (all at constant prices). This fact could well do with insertion in the main White Paper. The total amount of revenue support has risen from £10m in 1972 to £520m in 1982. This is also worth mentioning in the main body. The same table in the last figure of the last column should read 21.6 so as to tie up with Table II, page 19 of Appendix A.

Annex 2

I think the opening paragraphs of Annex 2 are very messy and confusing. I do wonder whether Annex 2, Appendix A and B and Annex 3 should all be woven into one Annex. As it stands the signposting is bad and there is some element of repetition between Annexes and Appendices.

Paragraph 4 sets an unnecessarily difficult task for the proponents of the White Paper. I would replace the last 2 sentences of the paragraph by "and the evidence of these Annexes indicates that the disbenefits of regulation are so substantial that they far outweigh any risks and transitional costs associated with implementing the change".

Paragraph 8 indicates rather bluntly that the Government view is that services in the metropolitan counties should have been "cut-back as patronage fell". I prefer "Adapt services to customer demand".

Paragraph 43 is a good example of repeated argument. The potential damage to rural areas could be rather more muffled than in this paragraph and, indeed, it is too generous to urban services where it says that "Relatively few" are loss making. After all, London Transport had £272m of support in 1982/83 we are told in Table 16, Annex 1. Indeed, against the background of the abolition of the Mets and the GLC they could point to this as evidence of inconsistency.

Paragraph 44 again repeats an argument later rehearsed at length in Appendix B qualifying its statements about cross subsidy substantially (there are problems with accounting conventions) and I would for instance be inclined to say "During week days service between peaks often appears to subsidise the peak services".

In paragraph 50 I would leave out "Inevitably, some poorly used services, already at risk may be lost" and "there are no grounds for expecting widespread deprivation of service - and". Otherwise, the paragraph raises unnecessary bogies.

Appendix A

Paragraph 2 appears to make a rather weak case about taxi fares. One of the reasons why taxi fares have been so competitive is that there has been an expanding market whilst buses have faced a declining market. The comparison is not really a fair one. Further on in the paragraph it refers to revenue support in 1980 prices rising to 20.5 pence per vehicle kilometre and gives a reference to Table 18 Annex 1. In fact this information is not in Table 18 but in Table II on page 19 of Appendix B.

Paragraph 7 refers to a survey by ACAS. Its conclusion that the earnings of a substantial number of drivers in the private sector were lower than those generally prevailing in the public sector leads directly into the argument that public sector wages should be lowered. This is an unnecessary home goal and the sentence should be omitted.

Paragraph 12 has a split infinitive.

Paragraph 15a has an 'or' missing.

Appendix B

This is where we run into big trouble.

Table 1 on page 4 is confusing especially in the way that Bristol Omnibus Company splits up into its 4 separate operating areas.

Paragraph 10 states that rural services are "largely unprofitable" and outlines "The particular unprofitability of Sunday, early morning and late evening services".

Paragraph 12 points to a Cheltenham experiment in minimising cross subsidy which resulted in a much "coarser network" which did not result in "great deprivation".

Paragraph 13 claims that "The above observations on cross subsidy ... can be used to give an indication of likely changes". It does not take much of a propagandist to construct the claim, therefore, that Sunday, early morning, late evening services and rural services will be particularly threatened by the proposals and that the networks that will be left will be less accessible to the travelling public. These home goals are quite unnecessary.

Paragraphs 14, 15, 16 and 17 all contain the same traps and potholes for us.

This whole Appendix could do with considerably slimmed down and written in a more positive way. Not enough is made of the argument that regulation is holding the size of the market and not fulfilling consumer demand. If deregulation brings a larger market and more passenger revenue overall then any need for cross subsidy is reduced in any case. It takes some inventiveness to turn this into greater opportunity and better services for the rural areas, but at the moment the thrust of the paper is broadly in the opposite direction.

Annex 3

We do not meet major problems until Part 2 of this Annex. The picture in Norfolk appears to be one of reduced services generally and increased fares (paragraph 23). The Hereford area has some very encouraging evidence in paragraphs 25 to 30, but question marks remain over some of the new services (paragraph 30) and paragraph 40 states that "The eventual outcome in Hereford is unpredictable". The Devon area suggests changes resulting from deregulation as being "Rather limited in scale" with some services having been "Withdrawn or reduced because of dwindling patronage" (paragraphs 35 and 36). This section needs to be considerably shortened so as not to give unnecessary material to our opponents; it needs the services of a good copy writer, I suspect; and, it needs to be recast so that it sits comfortably alongside paragraph 1.8 of the draft White Paper - which it does not do at present. Paragraph 1.8, for instance, says "In none has deregulation brought the loss of services which some predicted". Our opponents could use Annex 3 as direct evidence of a contradiction. Incidentally, Annex 3 is referred to as Annex 5 in this paragraph.

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Colin Jones Esq
Private Secretary
The Rt Hon Nicholas Edwards MP
Secretary of State for Wales
Welsh Office
Gwydyr House
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9 July 1984

Dear Colin

BUS WHITE PAPER

Thank you for sending Chris Butler's comments on the Annexes to the White Paper to Dinah Nichols here. Officials of this Department have discussed these with him and as a result we have made a number of very useful amendments. My Secretary of State does not, however, share his view that the Annexes should avoid dealing with material which could be used by the policy's opponents. Their purpose is precisely to demonstrate that the Government has fully considered the issues and to put the arguments of those who oppose competition in proper perspective.

Copies of this letter go to the Private Secretaries of all members of E(A).

yours sincerely,

Henry Derwent

H C S DERWENT
Private Secretary

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Oddi wrth Ysgrifennydd Gwladol Cymru

Rt Hon Nicholas Edwards MP

From The Secretary of State for Wales

21 June 1984

De Nidell

with AT

Thank you for the copy of your minute of 14 June to the Prime Minister covering the draft White Paper 'A Better Way for Public Transport'.

I understand that there is to be a meeting of E(A) Committee to consider the draft, so I shall not comment on it now though my officials are conveying one detailed textual point to yours.

In the meantime you will wish to know that, following the last meeting of E(A) Committee, my officials have been revising my proposed Consultation Paper. My aim is that it should be published at around the same time as the White Paper. A draft is already with your officials and I now enclose a version slightly amended to take account of your intention to announce the bus substitution proposals by means of Written Answer before the White Paper is published. I would be grateful for any comments you may have as soon as possible so that arrangements for its publication (including translation into Welsh) can be finalised.

I am copying this letter to the other recipients of your minute. For Peter Rees, I enclose a copy of the draft Consultation Paper.

John Com

Nidell

The Rt Hon Nicholas Ridley MP
Secretary of State for Transport

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28 JUN 1984

