

Mr Gray

PA

I don't think Mr Parkinson has done too badly to have got offers totalling £4.7 billion out of the Treasury so far.

Reference No: E 0750

MR WILSON

Rt.
9/10.Transport PES

I asked the Treasury (Mrs Case) about progress on Transport in the Survey.

2. The bids, other than for nationalised industries, which were inherited by Mr Parkinson from Mr Channon, and confirmed by him, were (£m):

624	1038	1397	= 3059
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At a bilateral last week, Mr Parkinson reduced them to:

538	721	941	= 2200
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This was a reduction of about £800m over the period.

3. The Chief Secretary is writing today to offer an extra £1 billion over the three years, as against the £2.2 billion total of Mr Channon's revised bids. The difference is almost entirely on expenditure on roads. Mr Parkinson bases his case on the White Paper which listed projects with a total cost of £12 billion. The White Paper said nothing about the timescale of this investment, although in Press briefing Transport said the intention was to make it "within a decade". Mr Parkinson's bids are designed to start achieving that. The Treasury say that even the £1 billion they have offered would raise expenditure on roads by 42% between the current year and the end of the Survey period.

4. The two sides are still a long way apart and the Treasury say they see no sign of movement. They have advised the Chief Secretary to leave Transport on one side for the time being - and not for example try to negotiate with Mr Parkinson at Blackpool-while other programmes are settled.

5. As to the nationalised transport industries, the current bid is (£ billion):

1.2	1.6	1.9	4.7
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The Treasury have offered

1.1	1.2	1.4	3.7
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The argument has been largely about transport projects in London. There were three major ones: the Jubilee line extension to Docklands; the Chelsea-Hackney line; and the East-West crossing from Liverpool Street to Paddington. The Treasury have accepted the first, and Transport have dropped the second. The remaining issue, accounting for most of the difference between the two sets of figures above, concerns the third. The Treasury think that Mr Parkinson will eventually accept dropping the third (because, they believe, he would want to go to the Star Chamber only on roads), and they therefore expect to reach agreement on the nationalised industry part of his programme.

GD

G W MONGER

Economic Secretariat
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