



g/c JV  
AD (1)

Prime Minister

**CONFIDENTIAL**

Agree, subject to  
colleagues, to X?

Prime Minister

Yes not

MCS 5/3

SECTION 28 OF THE PUBLIC PASSENGER VEHICLES ACT 1981

E Committee on 30 November 1981 invited the Secretary of State for Employment and me jointly to consider the future of Section 28 of the Public Passenger Vehicles Act 1981. For the bus industry this Section is a legislative expression of the intentions underlining the Fair Wages Resolution (FWR). It requires public service vehicle operators to pay wages not less favourable than the general level in the industry. In cases of dispute the Section affords unions unilateral access to arbitration.

Norman Tebbit and I agree that this Section should be repealed. The question remaining is how to achieve repeal with the minimum of fuss and controversy.

As I see it, we have two choices. Either we can provide for the removal of Section 28 in one of the Bills I have recommended for next Session, or wait for it to become ineffective because of the abolition of the FWR. Norman Tebbit has already embarked on moves to achieve the latter. Waiting for the abolition of the FWR would mean a delay of 18 months or so before giving effect to our wishes for the abolition of Section 28. Although it is not causing us any problems at the moment, it might be thought that speedier action is desirable. The Legislation path would probably mean abolition within 12-15 months. I have to say, however, I have some doubts about this course because main legislation will involve the danger of highlighting the existence of this little known section and might cause more trouble with the unions than would really be worthwhile.

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x | I suggest, therefore, that we might best defer a decision on the method of effecting the abolition of Section 28 until the summer, by when we shall have taken a decision on the future of the FWR.

I am sending copies of this to Norman Tebbit and other colleagues on E Committee and Sir Robert Armstrong.

*Ma.*

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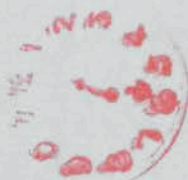
DAVID HOWELL

2 March 1982

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22 MAR 1982



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Ind. Policy



FILE  
B/C J. VEREKER

10 DOWNING STREET

*From the Private Secretary*

8 March 1982

Section 28 of the Public Passenger Vehicles Act 1981

The Prime Minister was grateful for your Secretary of State's minute of 2 March about the repeal of Section 28 of the Public Passenger Vehicles Act 1981.

Subject to the views of colleagues, the Prime Minister is content with your Secretary of State's proposal that the best course of action would be to defer a decision on the method of affecting the repeal of Section 28 until the Summer, by when a decision will have been taken on the future of the Fair Wages Resolution.

I am sending copies of this letter to the Private Secretaries to the other members of E Committee and to David Wright (Cabinet Office).

M. C. SCHOLAR

Anthony Mayer, Esq.,  
Department of Transport.

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RM.