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DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

NDPM
AT 16/3

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Treasury Chambers
Parliament Street
LONDON SW1P 3AG

16 March 1984

Dear Mr. Lawson,

PORT OF LONDON AUTHORITY: . DOCKERS' PAY

I understand that you will be chairing the meeting of E(A) next Tuesday at which we shall be considering urgent papers on the Dock Labour Scheme and the future of the Port of London Authority (PLA). You and colleagues ought to know beforehand of the latest position on the pay of the PLA's registered dock workers (RDWs). This reinforces the need for us to address the PLA problem even more urgently.

The PLA propose to offer all their employees, dock workers and staff, a pay increase of 2½% this year. This is also a legacy from the 8-week strike last Spring for the RDWs. The agreement on which the strike was ended, with the assistance of ACAS, included provision that the dockers should attain equity of treatment with the clerks (who are also registered men) over a two-year period. The union began in January to press the PLA to negotiate on this. The alternative to negotiations beginning would probably have been another strike, which we could not prevent, nor were we ready with a strategy for the PLA's future. Being unable to reach agreement, the PLA and the union have had recourse again to ACAS mediation.

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The effect of the ACAS recommendations would be to raise the pay of the dockers by £7.75 per week by 1 September. Together with the 2½% increase this would mean an average increase of 8½%. There would be a further £3.75 per week increase, plus a partial cost of living element, in 1985. The clerks are likely to press for comparable increases, and the PLA will probably concede them, though they will not consolidate them in the clerks' basic rate. Much of this extra pay is for people for whom there is no work, paid for by people who have no money: and I have no power to stop this.

Apart from the 2½%, these increases, both for dockers and for clerks, are to be paid for by alleged "improved productivity", which must mean fewer jobs. But, as my paper explains, because of the dock labour regime the PLA is unable to shed men unless they go voluntarily, which very few were willing to do at the going rate last autumn. Fewer jobs in the PLA means more people paid for doing nothing, liable now to get an 8½% pay rise.

Nor is it a foregone conclusion that the dockers will agree to settle on the ACAS recommendations. If they do not, or if the clerks create difficulties, the PLA could have more industrial trouble on their hands, with all that that implies for their business. If the PLA were a nationalised industry, we would never have reached this situation. But because the dockers know that their jobs are secure, they were able last year to secure a very good settlement to the strike which included the commitment to equity of treatment which has led to this very high offer to the RDWs. This sorry tale underlines the need to put matters right in our docks industry.

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I am sending copies of this letter to members of
E(A) and to Sir Robert Armstrong.

Yours sincerely,

Denah Nichols

Private Secretary

pp NICHOLAS RIDLEY

*(approved by the Secretary
of State & signed in his
absence).*

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