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DEPARTMENT OF TRANSPORT  
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Prime Minister (2)

The legislative programme  
will be discussed at Cabinet  
on Thursday.

AT 26/2

26 February 1985

The Rt Hon Viscount Whitelaw CH MC  
Lord President of the Council  
Privy Council Office  
68 Whitehall  
LONDON SW1A 2AT

Dear Willie

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Thank you for your letter of 18 February letting me know the outcome of QL's final deliberations on my bids. It is essential that a place is provided for the Civil Aviation Bill to implement airports policy.

will request if required.

However I am most disappointed to see that you now propose that the Merchant Shipping Bill should be excluded from the programme. I must urge that this be reconsidered.

The proposed Bill would be in two parts. The first would consist of a much overdue reform of the outdated legislation on marine pilotage. The present legislation is virtually unworkable and has led to a situation in which there are many more pilots than are needed, productivity is very low, and costs to the shipping and port industries are unnecessarily high. Since the pilots are technically self-employed their numbers cannot easily be reduced, and attempts to improve the situation under the existing legislation have failed. I therefore published last December a Green Paper containing proposals for reform, the central features of which were that pilotage should be made the responsibility of the harbour authorities, and that there should be a statutory compensation scheme (financed by a levy on the industry) for surplus pilots. The period of



consultation has just ended, and the responses I have received are very encouraging. Almost all those who have responded have stressed the need for early action. The shipping and port industries have warmly welcomed our proposals and even those bodies from whom we expected some opposition, such as Trinity House and the pilots' organisations, accept the need for change and are concentrating on securing their interests under a new regime.

The pilots themselves are divided in their views. Almost all accept that something needs to be done and the majority are prepared to go along with our proposals provided that the terms of the compensation, which have yet to be settled, are satisfactory. There is a small but concerted lobby of Trinity House pilots, largely concentrated in East Anglia, who are lobbying their MPs in opposition to our proposals. This is one of the areas where the scope for making economies is the greatest, and it is no coincidence that the pilots who have gained most from exploitation of the present system are those who are protesting more strongly at its proposed abolition.

The publication of the Green Paper has created a momentum for reform which we must now sustain: indeed if we cannot bring the legislation forward this will be represented as a victory for the minority of pilots who are opposed to us and will be a deep disappointment to the shipping industry. We must do all we can to help the shipping industry, which is in a bad way. John Prescott, for the Opposition, has in the past said that they have little sympathy for the pilots, so I do not anticipate that the legislation should pose difficulty in party political terms.

The remainder of the Bill would deal with a number of useful reforms in ship registration and other matters affecting the shipping industry. These measures were



originally planned for inclusion in a Merchant Shipping Bill in the 1984/85 Session, and you will recall that I reluctantly agreed to the postponement of this Bill in order to reduce pressure on Parliamentary draftsmen. This was on the understanding that a bid for a Merchant Shipping Bill in the 1985/86 Session would be sympathetically considered, and John Biffen in his letter of 31 December undertook to do his best to secure a place for the Bill in the 1985/86 Session. The shipping industry was very disappointed that this Bill was postponed, and they will be really cross if the Bill is postponed again, because they would not be able to secure the reductions in their costs which the reform of pilotage would offer. As I have explained in my recent paper to colleagues on MISC 19 the shipping industry is in a beleaguered state at present and its difficulties were increased by the fiscal changes introduced in the last Budget. The Government has few means at its disposal to assist the industry, and my Merchant Shipping Bill was one important and tangible measure of assistance which we could offer.

I very much hope that in the light of this colleagues will agree that the Bill should be reinstated in the programme. Although, as I said, there will be some Parliamentary interest in the pilotage provisions I would not anticipate that it would be likely to cause any serious Parliamentary difficulties: indeed I think it might well be a candidate for introduction in the Lords.

I am sending copies of this letter to members of Cabinet, the Paymaster General, the Chief Whip, the Captain of the Gentlemen at Arms, First Parliamentary Counsel and Sir Robert Armstrong.

*Yours  
Nicholas*

NICHOLA RIDLEY