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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
London
SW1P 3EB

10 June 1985

Dear Secretary of State,

**TRANSPORT SELECT COMMITTEE: REPORT ON BUSES WHITE PAPER
GOVERNMENT RESPONSE**

I have no objection in principle to the draft White Paper included in your letter of 28 May to the Chancellor. However, I wonder whether a few of the statements are a little too enthusiastic and therefore generate the wrong response.

Would it not help our case if the arguments for retaining regulation in London given in paragraph 14 of Cmnd 9300 were repeated in paragraph 17 of this new White Paper?

Paragraphs 21 and 22 seem a little contradictory: paragraph 21 plays down the significance of cross-subsidy, yet paragraph 22 talks of extensive cross-subsidy. Perhaps you could look at these paragraphs again. Nor am I convinced that buses are likely to become the main mode of transport for many people. Would it not be simplest to simply omit that phrase?

In paragraph 23 rural bus grant is described as transitional. Might it not be worth emphasising the point by explaining how the grant will be phased out, or by saying it will be on a temporary basis?

A cross reference to paragraph 11 of the Annex would strengthen the arguments against the Committee's points in paragraphs 30-31.

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ELON POL: Privatisation: PK12

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Again, the response to the Committee in paragraph 60 of the annex seems rather too tentative. Could you not say that the Government considers this interpretation of the Bill to be incorrect?

I am copying this letter to the Prime Minister, other members of E(A) and to Sir Robert Armstrong.

Yours Sincerely,
Paul Rees

PETER REES

PP
(approved by the chief secretary
and signed in his absence)

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NBPM
AT 4/12
CCADJ

2 MARSHAM STREET
LONDON SW1P 3EB
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My ref:

Your ref:

11 June 1985

Dear Secretary of State

TRANSPORT SELECT COMMITTEE: REPORT ON THE "BUSES" WHITE PAPER
GOVERNMENT RESPONSE

Thank you for a sight of the draft. I have only one comment to make.

Paragraphs 34 of the annex, which deals with the Development Commission's handling of the Elm innovation grant, needs, I think, a little strengthening to reflect the excellent work it has been doing to coordinate rural development policies. I suggest that from the sixth line beginning "The Development Commission has for 15 years" it is amended to read:

"The Development Commission has been involved in rural development for 75 years. A clear working relationship with local authorities and other agencies has been developed and this year the Commission's initiative of promoting rural development programmes for each of its priority areas is clear evidence of its ability to improve co-ordination of policy at the local level. The intention of the innovative grant is certainly not to supplant the efforts of local authorities to provide and assist with transport projects serving rural communities, but the Government believes that the Development Commission's experience will prove invaluable now that it is to have a particular transport role".

Copies of this letter go to recipients of yours.

Yours sincerely

Patrick Jenkin

for

PATRICK JENKIN

Approved by the Secretary of
State and signed in his absence



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Secretary of State for Trade and Industry

10 June 1986

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
LONDON
SW1P 3EB

D. Nicholas,

TRANSPORT SELECT COMMITTEE : REPORT ON THE "BUSES" WHITE PAPER
GOVERNMENT RESPONSE

Thank you for copying to me your your letter of 28 May to Nigel Lawson on the Government's proposed response to the Transport Select Committee Report on the "Buses" White Paper.

2 I am generally content with your draft response although I have a number of detailed comments on Restrictive Trade Practices aspects, which I have attached as an Annex to this letter. I hope that you will be able to take account of these points.

3 I am copying this letter to the Prime Minister, other Members of E(A) and to Sir Robert Armstrong.

NORMAN TEBBIT

JH5BCA



Paragraph 52

The Government's position on joint tendering needs to be cautious since such arrangements are likely to be registrable under the Restrictive Trade Practices Act. If the Director General of Fair Trading finds them to contain significant restrictions, there will be a presumption that they are against the public interest and they will have to be defended in the Restrictive Practices Court. The last sentence might read:-

"The Government accepts that the former proposal will be appropriate; the latter is likely to involve arrangements subject to the Restrictive Trade Practices Act but this is not likely to prohibit them in so far as they do not contain significant restrictions.

Paragraph 69

It is our understanding that the Bill will ensure that competition legislation is applied to all owners of Bus Stations not just local authorities or PTE's.

Paragraph 80

To help to allay fears that the Restrictive Trade Practices Act will be unduly cumbersome it might be appropriate that only agreements containing significant restrictions will be referred to the Restrictive Practices Court. This point was made strongly when David Mitchell presented the relevant clause to the House. The last sentence might read:-

"Accordingly the Government proposes to end the bus industry's present **partial** exemption from the Restrictive Trade Practices Act 1976; this means that should agreements go before the Restrictive Practices Court, which will only be the case if they contain significant restrictions, it will be open to the parties concerned to seek to satisfy the Court that the agreement is not contrary to the public interest".

ECON POL: Privatisation: Pt 12.

