

CONFIDENTIAL
APPOINTMENTS - IN CONFIDENCE

PRIME MINISTER

MEETING WITH SIR EDWARD DU CANN

Sir Edward du Cann asked you to see the All Party Parliamentary Group on Maritime Affairs. You directed him to John Moore, but Sir Edward has asked to see you first. He has not given notice of what he wants to discuss with you. Other possible subjects are the salary of the Comptroller and Auditor General and short fat ships.

Shipping

Sir Edward argues for major help to arrest the decline of the UK flag fleet. The only concrete suggestions he has made are to restore 100 per cent first year tax allowances and to appoint a Minister to co-ordinate all maritime affairs in Government. His main concerns are the defence role of the merchant fleet, shipbuilding and hydrography.

The facts are these. The UK flag fleet has fallen by ^{well} over half since 1975. Two-thirds of the loss has been in tankers. The capacity of ferry and passenger ships is more or less unchanged and the container fleet has slightly increased. So although the decline is very large it masks different performances in different sectors.

1975 was also a peak year. Capacity had been boosted artificially by fiscal incentives - to the extent that shipping not owned in the UK was brought onto the UK register. Incentives in the rest of the world added to our own problems by adding to surplus capacity. Other reasons for the decline are the switch of trade to Europe from the Commonwealth, containerisation, and falling oil imports.

You will want for the most part to listen to Sir Edward. But new bureaucracy is certainly not needed. Sir Edward also should know from your own comments in the House that the Government are taking a very close interest in shipping and shipbuilding.

Department A
Transport
how say
68%

2/3

If Sir Edward presses you on the abolition of 100 per cent first year allowances you could say that these were part of a reform which in its nature was designed to operate across the board. But the 1984 Finance Act allowed special flexibility for depreciation of ships, the 1985 Finance Act extended that to second hand ships and enlarged consortium group relief, and the 1986 Finance Bill introduced a new scheme to enable ship chartering to benefit from the business expansion scheme.

You will remember that Mr. Moore has in mind to make proposals designed to help British shipping. As last heard he was considering special taxation treatment, special credit terms and direct investment grants as possible ways of offering assistance. You and others were sceptical at last week's E(A).

See also John Wybrew's note attached.

Salary of the C&AG

Sir Edward and the Public Accounts Commission continue to press for the C&AG to be paid the same as the Permanent Secretary to the Treasury. He has sent you a further letter (copy attached).

The points to make here include:

- (i) There is room to pay other NAO grades more, if warranted by recruitment and retention and performance criteria, and still maintain adequate differentials. In terms of overall job weight hard to argue that C&AG's job is on a par with that of the Treasury Permanent Secretary.
- (ii) Increasing the C&AG's salary by £10,300 would lead to further damaging publicity about top salaries.
- (iii) The Government will be willing to consider an increase in the C&AG's salary to a higher level if the present _____

Comptroller's successor warrants this on recruitment grounds.

There are some indications that the Public Accounts Commission may try to arrange for an MP to move a resolution to fix the C&AG's salary at the level they propose. Whilst there is no direct evidence of this, if Sir Edward raises it you could point out that action of this kind would stir up again all the arguments about the TSRB.

Short Fat Ships

Sir Edward wrote to you about the appointment of Professor Caldwell as Chairman of the Short Fat Ships Inquiry. You saw over the weekend the MOD's comments and you could say that you will be replying very soon.

*Mango
Duty Clerk.*

df David Norgrove

7 July 1986

JA2AAY



*Rec'd Y/b
cc Prof Griffiths*

10 DOWNING STREET

From the Private Secretary

30 June 1986

MEETING WITH SIR EDWARD DU CANN

Sir Edward du Cann, as you know, asked the Prime Minister if she would receive an All-Party Parliamentary Maritime Group. The Prime Minister refused. Sir Edward has, however, asked to see the Prime Minister on his own before any meeting with your Secretary of State and the Prime Minister agreed to do so. The meeting is scheduled for Tuesday 8 July at 1615. I should be grateful if you could provide briefing please by 7 July.

Could the Treasury also please provide briefing on the question of Sir Gordon Downey's salary in case Sir Edward du Cann mentions this.

I am copying this letter to Michael Gilbertson (Department of Trade and Industry) and Tony Kuczys (H.M. Treasury).

DA

DAVID NORGROVE

Richard Allan, Esq.,
Department of Transport.

PRIME MINISTER

MEETING WITH SIR EDWARD DU CANN

You have agreed to see Sir Edward du Cann having refused to see him with the All-Party Parliamentary Maritime Group. He asked to see you before any meeting with John Moore.

You mentioned that you thought Sir Edward would wish to talk about other matters as well as shipping.

But would you like John Moore to be present at the meeting?

No

-you will -
Richard Nixon

DLN

D.N.

25 June 1986

SLH/35



10 DOWNING STREET

23rd June, 1986

Dear Edward,

I am delighted to confirm that the Prime Minister is looking forward to seeing you in her room at the House of Commons on Tuesday, 8th July at 4.15pm.

Yours ever
Michael

MICHAEL ALISON

The Rt Hon Sir Edward du Cann KBE MP

PRIME MINISTER

EDWARD DU CANN

You will recall that Sir Edward du Cann asked if you would receive the All Party Parliamentary Maritime Group. You steered him in the direction of John Moore saying that you did not normally receive All Party groups but holding out the possibility of his meeting with you subsequently. He has now returned to the charge and asked for a meeting with you just for him before any meeting with John Moore. In view of this I imagine that you will want to agree. But in view of the state of the diary I suggest that we offer him a time in mid-July.

Agree to offer a meeting on this basis?

TF

Yes

TF

219 3442

19 June 1986

Tuesday 8th July

4.15pm



10 DOWNING STREET

19th June, 1986

Dear Edward,

Thank you for your letter of 9th June to the Prime Minister, in which you ask for a date to come see the Prime Minister about matters of concern to the Parliamentary Maritime Group.

I shall be in touch with you again shortly.

*Yours ever
Michael*

MICHAEL ALISON

The Rt Hon Sir Edward du Cann KBE MP

From the Rt Hon Sir Edward du Cann, KBE, MP



HOUSE OF COMMONS
LONDON SW1A 0AA

POLITICAL?

R10/6 PPS

9th June 1986

Rt Hon Margaret

Thank you for your letter about the Parliamentary Maritime Group.

I have talked to my colleagues and to Jim Callaghan and David Owen in particular (they were joint founders with me of the Group, as I think you will know) and we feel perhaps the best thing would be if I were to come and see you on my own in the first instance on behalf of the Group.

Could your office please let me have a date?

*Yours
Edward.*

The Rt Hon Mrs Margaret Thatcher, M.P.
10 Downing Street
S W 1

P.S. Your letter refers to "American shipping". Of course the purpose of the meeting would be to discuss British Merchant shipping.