

PRIME MINISTER

LONDON TRANSPORT AND THE GLC

I attach the final text of Mr. Howell's Statement. He had a rough passage in the House, with the Opposition setting out to undermine him.

Albert Booth described the legislative proposals as totally inadequate. All metropolitan authorities required a legal framework for sensible transport policies. Nobody had yet analysed the impact on traffic of the 100% fares increase. Mr. Howell emphasised that someone had to look after the ratepayers' interest. He could not be drawn into matters of the GLC's expenditure priorities, but was simply offering help in two specific directions raised by Mr. Livingstone.

Terence Higgins, echoed by Michael Shersby and others, argued that even the revised arrangements would be unfair to local authorities with large concentrations of pensioners, who could not afford such generous concessions. Hal Miller emphasised that the legislative proposals would only allow the GLC to subsidise free pensioner travel, but would not provide central Government funding for this.

Various Opposition parties pressed for a properly subsidised transport system. George Cunningham pointed out that every other major European capital used subsidies. Nigel Spearing said that the real issue was the balance between the cost of public and private transport. Various commuter belt Members raised the specific problems faced by their constituents, whilst Douglas Hogg suggested that the real issue was finding a better form of local tax, with which to allow local authorities to provide a reasonable degree of subsidy.

Mr. Howell was not entirely convincing, and the Opposition will continue to press for much greater Government involvement.

18 January 1982

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## STATEMENT

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Before Christmas I told the House that I was not prepared to legislate to let the GLC go back to their unbalanced transport policies which placed such huge burdens on ratepayers.

I said however that I was willing to see the GLC leader anytime if they had problems. Since then Mr Livignstone and other GLC leaders have come to see me and explain their problems.

In immediate response to these the Government is prepared to act in two respects.

First, although the GLC have powers under the Local Government Act 1972 to spend up to the product of a 2p rate which could be used to finance concessionary fares for the elderly it is clear that they are not prepared to use those powers for this purpose. Nor are the London boroughs able to get a concessionary fares scheme worked up in time.

I have therefore stated the Government's willingness to legislate to give to the GLC the same powers as other local authorities have, to operate a concessionary fares scheme.

Second, the high cost and low fares policies of recent months have led to a large accumulated deficit. I have said that we would be prepared to legislate to let LT pay this off over a reasonable period.

Regrettably the GLC has had to raise fares 100% not just to get back to 1980 levels but to pay for the heavy costs of inefficiencies imposed on LT in recent months.

But in the Government's view there is no need for further large increases in 1982. Talk of this, or of large scale redundancies, is alarmist.

The GLC leaders have indicated their wish to come for further talks on the future of London's transport system in the longer term. I welcome these as providing an opportunity for constructive discussion on the needs of the public in London and how these can be best met and financed.