

NATIONALISED INDUSTRIES POLICY GROUP

Minutes of the meeting held on the 15th February 1977 at the House of Commons.

Present: The Hon. Nicholas Ridley, MP (Chairman)  
and to Mrs Norman Fowler, MP  
Sir George Young, Bt., MP  
David Alexander  
John Wood  
Nicholas True (Secretary)

Apologies: Raul Channon, MP  
The Rt. Hon. Sir John Eden, MP  
The Rt. Hon. Maurice Macmillan, MP  
Peter Rees, MP  
Peter Tapsell, MP

1. Mr. Fowler affirmed that he was generally in agreement with the principles contained in the Interim Report of the policy group submitted to the Shadow Cabinet last year, but was not in favour of the proposal then made to denationalise the National Bus Company.

2. British Rail. It was agreed that the first need would be to reform British Rail's accounting system so that its particular uneconomic activities would be more clearly distinguished in annual accounts. Passenger services probably made at present a disguised subsidy to freight services.

A long term aim should be to break down British Rail's peripheral activities into saleable form. Thus subsidiary companies should be formed to run British Rail ships, British Rail hotels, British Rail workshops and possibly British Rail ports.

Stricter financial control in accordance with the principles outlined in the policy group's report would inevitably put pressure on British Rail to attack overmanning and cut out uneconomic activities. A new accounting system would require legislation, but a British Railways Bill will, in any case, be required shortly when the money available under the 1974 Act is fully expended.

3. British Transport Docks Board. It was agreed that the British Transport Docks Board should be required to meet a target return on capital for all of its ports as outlined in the Policy Group Report.

A prospective new Chairman should be appointed as soon as possible who would implement Conservative policies. The BTDB would act as a holding company while each port would operate separately. Where the ports met the target rates of return they would clearly be more easily saleable commodities.

4. National Freight Corporation. There was no reason why a freight carrying company should make a loss.

Subsidies to the Freight Corporation should be discontinued.

The Freight Corporation should be broken up into its constituent companies.

A new Chairman should be appointed who would be prepared to operate Conservative policies in accordance with the recommendations of the Policy Group.

The cost of ending the National Freight Corporation would be £48 million in redundancy payments. Some industrial relations problems might be anticipated with the NUR.



5. National Bus Company. It was felt that there should be no public commitment to denationalise the National Bus Company. Conservative policy was to de-licence bus services and allow the private sector to compete throughout the country.

De-licensing would certainly affect the national pattern of bus services. Further initiatives should await appraisal of the changes in pattern arising from de-licensing. In the interim the National Bus Company should be asked to meet target rates of return in accordance with the proposals of the Nationalised Industries Policy Group.

6. London Transport. It was agreed that London Transport should not be taken back under Government control.

Conservative Research Department,  
24 Old Queen Street,  
London S.W.1

NET/ACS  
7th March 1977