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THE QUEEN'S SPEECH ON THE OPENING OF PARLIAMENT

WEDNESDAY, 6TH NOVEMBER, 1985

MY LORDS AND MEMBERS OF THE HOUSE OF COMMONS

I look forward with great pleasure to receiving His Highness the Amir of Qatar, their Majesties the King and Queen of Spain and the President of the Federal Republic of Germany and Freifrau von Weizsaecker on State Visits during the next 12 months.

I also look forward to paying a State Visit to Nepal in February, followed by visits to New Zealand and Australia and to paying a State Visit to China and visiting Hong Kong in October.

My Government continue to attach the highest importance to the maintenance of national security and the preservation of peace with freedom and justice. They will continue to play a full and active part in the Atlantic Alliance and to enhance the United Kingdom's own defences. They will make vigorous efforts to combat international terrorism.

My Government will continue to work for progress in arms control and disarmament negotiations and for greater co-operation and trust between East and West.

My Government welcome the accession of Spain and Portugal to the European Community and will introduce the necessary legislation. Within the Community, they will work for improved decision taking, strengthened co-operation on foreign policy, early completion of the common market, improvements in world trade rules and reform of the Common Agricultural Policy.

While honouring their undertakings to the people of the Falkland Islands, my Government will continue to seek more normal relations with Argentina. They will also continue to discharge their obligations to the people of Hong Kong; and will propose provisions to implement the nationality arrangements arising from the Sino-British Joint Declaration.

My Government will work for peaceful and fundamental change in South Africa with the European Community and the Commonwealth: for the restoration of peace and stability in Lebanon: and for solutions to the conflict between Iraq and Iran and the Arab/Israel dispute. They will seek to restore an independent and non-aligned Afghanistan. They will support United Nations efforts for a settlement in Cyprus, and those of the Contadora Group to resolve the tensions in Central America.

My Government will give full support to the Commonwealth, and play a constructive role at the United Nations. They will maintain a substantial aid programme; play their part in the relief of famine and of other disasters; and encourage investment in developing countries.

MEMBERS OF THE HOUSE OF COMMONS

Estimates for the Public Service will be laid before you.

MY LORDS AND MEMBERS OF THE HOUSE OF COMMONS

Within the framework of firm monetary and fiscal policies designed to secure a continuing reduction in inflation, my Government will do all in their power to encourage the growth of new jobs. Firm control of public expenditure will be maintained, with a view to diminishing its share of overall national output and facilitating further reductions in the burden of income tax.

My Government will pursue vigorously their programme of privatisation, as a means both of improving the efficiency of the industries concerned, and of encouraging wider share ownership. Measures will be introduced to permit the transfer of the assets of the British Gas Corporation to the private sector and to enable the Atomic Energy Authority to operate as a trading fund from 1st April 1986 with a capital structure and borrowing powers.

A Bill will be proposed to introduce private capital into the British Airports Authority, to require larger local authority airports to be formed into companies, and to regulate certain airport activities.

My Government will bring forward legislation to introduce commercial management to my Naval Dockyards, as a significant contribution to encouraging a commercial approach and securing value for money in spending on defence.

Legislation will be introduced to facilitate funding by the industry of agricultural research, advice and related services; and to implement European Community arrangements to protect areas of particular environmental sensitivity.

Measures will be introduced to establish a new regulatory framework for the financial services sector, which will enhance its efficiency and competitiveness whilst providing greater safeguards for the interests of investors, and to modernise and liberalise the law governing Building Societies.

Measures will be brought forward to reform the operation of Wages Councils, to make provisions concerning the payment of wages and to amend the law on sex discrimination in employment.

Legislation will be introduced to encourage the sale of public sector flats to their tenants and wider private sector involvement in the ownership and management of council housing, and to improve the planning system.

For Scotland, Bills will be introduced to extend the rights of public sector tenants and to facilitate the private ownership of public sector housing stock, to improve legal aid arrangements, and to modify and extend the management structure of salmon fisheries, including further measures to combat illegal salmon fishing throughout Great Britain.

In Northern Ireland my Government will continue to support the security forces in enforcing the law and in working for the eradication of terrorism. They will seek widely acceptable arrangements for the devolution of power. They will seek to improve further their co-operation with the Government of the Irish Republic. Renewed efforts will be made to create and sustain employment, particularly by the encouragement of the private sector.

A Bill will be introduced to reform social security.

Legislation will be introduced for England and Wales to improve the management of schools and to promote the professional effectiveness of teachers.

Measures will be introduced to strengthen the powers of the police in combating disorder, to modernise and codify the common law public order offences in England and Wales and to provide the courts in England and Wales with power to confiscate the proceeds of drug trafficking and to penalise the handling of such proceeds.

A Bill will be introduced to remove statutory restrictions on shop opening hours.

A Bill will be brought before you to make new provision for the protection of animals used for experimental or other scientific purposes.

Other measures will be laid before you.

MY LORDS AND MEMBERS OF THE HOUSE OF COMMONS

I pray that the blessing of Almighty God may rest upon your counsels.

NON-ATTRIBUTABLE BACKGROUND

QATAR

"I look forward with great pleasure to receiving HH the Amir of Qatar"

Qatar is a non-aligned pro-Western Arab state. It is a member of the Gulf Co-operation Council (GCC), whose five other members (Saudi Arabia, Bahrain, Kuwait, Oman and the United Arab Emirates) are all also moderate Arab states.

The Amir, His Highness Shaikh Khalifa bin Hamad Al Thani, is to pay a State Visit to this country from 12-15 November. He will stay at Buckingham Palace as a guest of the Queen. This visit is in return for the visit the Queen and the Duke of Edinburgh paid to Qatar on their Gulf Tour in 1979.

During his State Visit, the Amir will be Guest of Honour at a State Banquet at Buckingham Palace given by the Queen, and at a Banquet at the Guildhall given by the Corporation of the City of London. He will have discussions with the Prime Minister at 10 Downing Street, following which she will host a luncheon in his honour. His other engagements include a visit to Queen Elizabeth, the Queen Mother, at Clarence House, and a visit to British Aerospace Civil Aircraft Division at Hatfield.

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Foreign and Commonwealth Office
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NON-ATTRIBUTABLE BACKGROUND

STATE VISIT BY KING AND QUEEN OF SPAIN

"I look forward with great pleasure to receiving their Majesties the King and Queen of Spain"

The State visit by King Juan Carlos and Queen Sofia to the UK will be the first by the Spanish monarchy since King Alfonso XIII in 1905. Both the King and Queen Sofia have made private visits to UK in recent years. They will be the guests of HM The Queen at Windsor.

The visit reflects the increasingly close and friendly relations between Britain and Spain. Trade between the two countries now amounts to £3 billion in total and is growing rapidly. The Brussels agreement of 4 November 1984 put into effect the earlier Lisbon agreement on Gibraltar. Some six million British tourists visit Spain every year.

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NON-ATTRIBUTABLE BACKGROUND

STATE VISIT BY PRESIDENT OF THE FEDERAL REPUBLIC OF GERMANY

"I look forward with great pleasure to receiving ... the President of the Federal Republic of Germany and Frau von Weizsaecker on a State Visit during the next 12 months".

President von Weizsaecker is to visit the United Kingdom from 1-4 July 1986 as a guest of Her Majesty the Queen. The last Federal German President to make a State Visit to the UK was President Heinemann in 1972. Her Majesty's last State Visit to the Federal Republic was in 1978.

President von Weizsaecker's programme is yet to be arranged.

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NON-ATTRIBUTABLE BACKGROUND

NEPAL

"I also look forward to paying a State Visit to Nepal in February ..."

At the invitation of their Majesties, the King and Queen of Nepal, the Queen and the Duke of Edinburgh will pay a State Visit to Nepal from 17 to 21 February 1986. HM The Queen last paid a State Visit to Nepal in 1961. The King and Queen of Nepal paid a State Visit to London in 1980.

The visit may be expected to acknowledge and to further the close relations between UK and Nepal.

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NON-ATTRIBUTABLE BACKGROUND

HM THE QUEEN'S VISITS TO NEW ZEALAND AND AUSTRALIA

"I also look forward to paying ...
visits to New Zealand and Australia .."

HM The Queen and HRH The Duke of Edinburgh will visit New Zealand and Australia at the invitation of their respective Prime Ministers, following their State visit to Nepal. The Queen and Prince Philip will be in New Zealand from Saturday, 22 February, to Sunday, 2 March. They will be in Australia from 2 March to Thursday, 13 March. The major part of the Australian tour will be spent in South Australia which will be celebrating its 150th anniversary. They will also visit briefly Canberra, New South Wales and Victoria.

HM The Queen last visited New Zealand in October 1981 and Australia in October 1982.

Relations with New Zealand and Australia remain generally close and cordial.

The Prime Minister has promised continued help with access of New Zealand agricultural products to the EC. The Government continues to work for a modification of the New Zealand Government's position on ship visits which will allow RN visits to take place without breaching its "neither confirm nor deny" policy on nuclear weapons. The visit of HMY Britannia is not affected.

Legislation is currently being enacted in Australia, and will subsequently be introduced at Westminster, to sever the residual constitutional links between Australian States and the Government. These links affect principally the appointment of Governors and appeals to the Privy Council. The recent resignation of the Governor of the State of Victoria was not affected by issue.

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NON-ATTRIBUTABLE BACKGROUND

CHINA

"I also look forward to ...
paying a State Visit to China ...
in October"

The State Visit to China will emphasize the importance both governments attach to bilateral relations, which are developing rapidly, particularly following the Joint Declaration on the future of Hong Kong which was ratified in May. There is considerable scope for further cooperation in trade and economic relations. Total bilateral trade grew from £391m in 1983 to £596m in 1984 and has continued to increase.

The Prime Minister visited China in 1982 and 1984, on the second occasion to sign the Joint Declaration. Premier Zhao Ziyang visited Britain from 2 to 8 June, when his programme included a luncheon hosted by HM The Queen at Buckingham Palace (on 6 June).

The State Visit will be at the invitation of the Chinese President, HE Mr Li Xiannian and will take place from 12-18 October. The programme is currently under discussion with the Chinese authorities. This will be the first ever visit by a reigning British monarch to China, and only the second State Visit to a communist country (the first was to Yugoslavia in 1972).

The Dukes of Kent and Gloucester visited China in 1979 and 1980 in their respective capacities as Vice Chairman of the British Overseas Trade Board and President of the British Consultants Bureau.

In 1869, Queen Victoria's son, Prince Alfred, made a private visit and in 1881 Prince George of Wales (later King George V) berthed briefly at Shanghai.

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NON-ATTRIBUTABLE BACKGROUND

VISIT BY THE QUEEN TO HONG KONG

"I also look forward to visiting
Hong Kong in October."

It was announced by Buckingham Palace on 14 October that the Queen will visit Hong Kong from 21 to 23 October 1986, after the State Visit to China.

The Queen last visited Hong Kong in May 1975.

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NON-ATTRIBUTABLE BACKGROUND

UK DEFENCE/ATLANTIC ALLIANCE

"My Government's highest priority remains the maintenance of national security and the preservation of peace with freedom and justice. They will continue to play a full and active part in the Atlantic Alliance and to enhance the United Kingdom's own defences. They will make vigorous efforts to combat international terrorism."

The North Atlantic Alliance remains the foundation of the UK's security policy: about 95% of the UK's defence spending is devoted directly or indirectly to the Alliance. Since 1979 the UK has increased defence expenditure by about a fifth in real terms - excluding Falklands expenditure - and both in real terms and per capita the UK's defence spending is second only to that of the US within the Alliance (Statement on the Defence Estimates 1985, Cmnd 9430-I, Chapter 5). The UK has also brought about significant improvements in efficiency which have ensured that more output can be bought for a given cash input.

The UK's military contribution to the Alliance is in four main areas. (Cmnd 9430, para 204). The provision of independent strategic and tactical nuclear forces committed to the Alliance (Cmnd 9430, paras 403-409). The defence of the UK itself, both to protect the population and to safeguard reinforcements from

the US in crisis or war (Cmnd 9430, paras 410-416). The contribution of land and air forces to the forward defence of the European mainland and to NATO's reinforcement forces) (Cmnd 9430, paras 417-431). The provision of 70% of the ready NATO maritime forces in defence of the Eastern Atlantic and Channel (Cmnd 9430, paras 432-445). The UK remains fully committed to providing a British contribution in all four areas, and there is no likelihood of major changes in the foreseeable future. (Cmnd 9430, para 205). Finally, the UK retains a number of defence responsibilities outside the NATO area (Cmnd 9430, paras 216-221 and 452-457).

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NON-ATTRIBUTABLE BACKGROUND

INTERNATIONAL TERRORISM

"They will make vigorous efforts
to combat international terrorism"

The Government take a firm stand against international terrorism and believe that full cooperation among like-minded governments is the most effective means of meeting the threat. The Government have taken the lead in promoting cooperation in a number of international fora, in particular in the European Community, the Summit Seven group, the Council of Europe and the Commonwealth.

Throughout the year the Government have worked with allies in these groups and elsewhere to encourage a greater exchange of intelligence and information on the activities of terrorists as well as a greater acceptance in the international community of the two fundamental principles: no concessions and no safe havens.

The Government have also worked actively for universal acceptance of the various international conventions on terrorism, to which the United Kingdom is already party, and for a strict adherence to their provisions.

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NON-ATTRIBUTABLE BACKGROUND

ARMS CONTROL AND DISARMAMENT

'My Government will continue to work for progress in arms control and disarmament negotiations

With its Allies in the North Atlantic Treaty Organisation (NATO), the Government will continue to work for progress towards balanced and verifiable measures of arms control and disarmament.

The Government has warmly welcomed the resumption of negotiations between the United States and the Soviet Union on nuclear and space arms. It fully shares their objective of working out effective agreements aimed at preventing an arms race in space and terminating it on earth, at limiting and reducing nuclear arms and at strengthening strategic stability. The Government will continue to support the United States in the negotiations and to maintain the closest contacts during them.

The Government will continue to play an active part in the multilateral negotiations at Geneva, Vienna and Stockholm. At the Conference on Disarmament at Geneva, the Government's principal aim remains the urgent conclusion of a comprehensive, worldwide and verifiable ban on chemical weapons. In 1986 the United Kingdom delegation will chair the Ad Hoc Committee responsible for this negotiation. At the Mutual and Balanced Force Reductions negotiations in Vienna, the Government will continue working for parity at lower levels of conventional forces in Central Europe, accompanied by adequate verification measures. In Stockholm, at the Conference on Confidence-and Security- Building Measures and Disarmament in Europe, the Government and its NATO Allies are seeking to negotiate a set of militarily significant, politically binding and verifiable measures to enhance confidence and security throughout Europe.

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NON-ATTRIBUTABLE BACKGROUND

EAST-WEST RELATIONS

"My Government will continue to work for..... greater co-operation and trust between East and West."

The Government is pursuing a policy of working for better East-West relations. It believes that increased contacts at all levels with the Soviet Union and Eastern Europe offers the best chance of increasing mutual understanding, preventing damaging misunderstanding and creating the medium of trust and confidence that are necessary for achieving progress in substantive negotiations, notably on arms control.

The last year saw the Prime Minister's visit to Moscow in March for President Chernenko's funeral, where she had talks with Mr Gorbachev; the Foreign Secretary's visits to Bulgaria and Romania in February and to the German Democratic Republic, Poland and Czechoslovakia in April. He met Mr Gromyko in Vienna in May and had talks with the new Soviet Foreign Minister, Mr Shevardnadze in July and September. The Hungarian leader, Mr Kadar, visited this country earlier this month.

This policy does not mean ignoring unacceptable aspects of the behaviour of the Soviet Union and its allies: the questions of Afghanistan, the arms build up and human rights will continue to be raised. At the Conference on Security and Co-operation in Europe (CSCE) Tenth Anniversary meeting in July, the Foreign Secretary made clear our concern at the continued failure of the East to honour Helsinki provisions on human rights and fundamental freedoms, something which had been highlighted at the Experts' Meeting on Human Rights in Ottawa in May. Nor can an improvement of relations with the Soviet Union be at the expense of national security as the expulsions in September of 31 Soviet officials engaged in intelligence work in the UK indicated.

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NON-ATTRIBUTABLE BACKGROUND

SPANISH AND PORTUGUESE ACCESSION BILL

'My Government welcome the accession of Spain and Portugal to the European Community and will introduce the necessary legislation.'

The Spanish and Portuguese Treaty of Accession to the European Communities (published as Command Paper 9634 on 21 October 1985) was signed in Lisbon and Madrid on 12 June 1985 following more than seven years of negotiations between the European Community and Spain and Portugal. It provides for Spain and Portugal to accede to the European Economic Community and the European Atomic Energy Community on 1 January 1986 subject to the conditions set out in the Act of Accession. This Act, in its 403 Articles, 36 Annexes and 25 Protocols, sets out the detailed arrangements for integrating Spain and Portugal into the Communities. The Council Decision on the Accession of Spain and Portugal to the European Coal and Steel Community (the ECSC Decision) is also subject to conditions set out in the Act of Accession. The Government have supported Spanish and Portuguese accession from the outset in the conviction that this will strengthen the area of stability and democracy in Europe.

The Government will very shortly be introducing a Bill to give effect in UK law to the provisions of the Treaty of Accession and the ECSC Decision. Once enacted the Bill would enable the Government to ratify the Treaty. The Treaty must be ratified by all the existing Member States of the Communities before it, and the ECSC Decision can enter into force.

Ratification of the Treaty is also required before the abatement mechanism for UK VAT contributions to the budget of the Communities and the increase in the VAT ceiling provided for in the European Communities (Finance) Act 1985 can enter into force.

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NON-ATTRIBUTABLE BACKGROUND

EUROPEAN COMMUNITY: DECISION-TAKING

"Within the Community, [My Government] will work for improved decision-taking ..."

The Government attaches importance to improving the Community's capacity to take decisions. At the Milan European Council in June 1985 the Prime Minister proposed a number of practical measures. Apart from greater use of majority voting in accordance with the Treaties, these included procedures to avoid blockage of decisions where the Treaties require unanimity; to restrain abuse of the Luxembourg Compromise; and to involve the European Parliament more closely in decision-taking without introducing new delays. These changes could have been introduced immediately by mutual agreement; but a majority of member states preferred to convene an intergovernmental conference to discuss the possibility of amending the Treaties on this and other issues.

The Government has been playing a full and constructive part in the intergovernmental conference, which will report to Heads of State and Government at the European Council on 2-3 December. The Government does not regard the Treaties as immutable, but will decide whether amendments are in fact necessary and desirable in the light of the shape or whatever package which finally emerges from the conference, and on whether any changes would really contribute to more effective achievement of our common objectives, especially early completion of the common market.

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EUROPEAN POLITICAL COOPERATION

"Within the Community they will work for ... strengthened cooperation on foreign policy."

Successive British Governments have attached high importance to cooperation among the member States of the European Communities in the field of foreign and security policy. The habit of mutual consultation and cooperation on a wide range of foreign policy issues has taken firm hold among the Ten, so that it has become a matter for public comment when they fail to adopt an agreed position. Against the background of European history this has been a significant development.

The process of European Political Cooperation takes place outside the framework of the European Communities and has evolved its own rules and procedures since it began in 1970. The Government believes the time has come to consolidate the process. In June this year the Government presented a draft Agreement on European Political Cooperation to the other members of the Ten. This initiative was widely welcomed, and it was agreed at the Milan European Council on 28/29 June to proceed with the preparation of a Treaty on the basis of the UK draft and a further text submitted by France and Germany. Since then other members of the Ten have submitted their own ideas. These have revealed an encouraging measure of agreement, and good progress has been made towards an agreed text.

The Treaty is intended to formalise the commitment of the Ten (soon to be Twelve) to consult each other on matters of external policy. It will consolidate the procedures that have grown up and lay a sound basis for their future development. A small Secretariat will be set up in Brussels to assist the member State occupying the Presidency, and to provide continuity. The Government has proposed that it consist of a few officials seconded by their Governments, under a Head appointed for a fixed term: it is widely agreed that there should be no new bureaucratic structure.

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NON-ATTRIBUTABLE BACKGROUND

EUROPEAN COMMUNITY: COMPLETION OF COMMON MARKET

"Within the Community, [My Government] will work for ... early completion of the common market"

The Treaty of Rome envisaged the creation of a common market (often referred to as the "internal market") in which goods, services, capital, workers and the self-employed could move freely. According to the Treaty this should have been established by 1974 at the latest; but it is still far from completion. Although tariff barriers have been abolished, a bewildering array of non-tariff and regulatory barriers remain.

The Government regards the achievement of a genuine common market as a major priority for both the UK and the Community, and is working actively for this on a wide variety of fronts, including abolition of barriers to trade in goods and services, liberalisation of transport, liberalisation of capital movements, free movement for the professions and deregulation.

The Government is convinced that early completion of the common market is essential if Europe is to compete effectively with its major trading partners such as the United States and Japan.

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NON-ATTRIBUTABLE BACKGROUND

NEW GATT ROUND/MULTI-FIBRE ARRANGEMENT

'My Government will work for ...
improvements in world trade rules'

The special session of the Contracting Parties of the General Agreement on Tariffs and Trade (GATT) agreed on 2 October 1985 that a preparatory process on the proposed new round of multilateral trade negotiations had now been initiated, and that a decision would be taken at the regular annual meeting of GATT Contracting Parties, which begins on 25 November, on the establishment of a preparatory committee to prepare the basis for the launching of a new round.

The European Community (EC), in the declaration of the Foreign Affairs Council on 19 March 1985, declared its readiness to participate in a new round of negotiations, subject to the establishment of an adequate prior international consensus on objectives, participation and timing. The EC has made its view clear in the GATT that there should be no preconditions on the agenda of a new round. The Government strongly supports the launch of a new GATT Round.

The current Multi Fibre Arrangement (MFA) which provides the framework for restrictions on low cost textile and clothing imports from developing countries expires in July 1986. The European Commission will negotiate the renewal of the Arrangement on behalf of the Community. In a statement to the House of Commons on 9 May (Hansard Vol 78, No 113 - columns 915-991), Mr Channon, the Minister for Trade, made clear that the Government would be pressing for a renewal of

the MFA, but that a rather more liberal arrangement than the present one was envisaged. Moreover, any renewed MFA should be transitional given the approach of a new GATT round.

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NON-ATTRIBUTABLE BACKGROUND

EUROPEAN COMMUNITY: REFORM OF THE COMMON AGRICULTURAL POLICY

"Within the Community, [My Government] will work for ... reform of the Common Agricultural policy"

The Government has consistently pressed in the Community for measures to tackle problems of costs and surpluses in the Common Agricultural Policy (CAP) and more widely to make the CAP more market orientated and cost-effective.

The 1984 CAP price-fixing included for the first time an overall reduction in common CAP support prices, and constituted a reduction in real terms 4% in support for Community producers. Milk quotas were introduced at a level some 4% below current Community production.

In December 1984 the Community adopted a financial guideline for agriculture limiting CAP market support within the rate of growth of the Community's own resources base. The guideline applies to expenditure from 1986 onwards.

The 1985 CAP price settlement and the Commission's measures for cereals and rapeseed constituted a further reduction in real terms of 3½% in support for Community producers. Expenditure in the Agricultural guarantee section which rose by 28% from 1982 to 1983 is expected to rise by 8% in 1985. The Commission's preliminary draft budget figure for European Agricultural Guarantee and Guidance Fund (EAGGF) guarantee expenditure in 1986 represents an increase of less than 2½% over 1985.

The Government will continue to press for sustained price restraint as the best means of containing CAP costs and bringing about a better market balance of supply and demand. We shall press for effective application of the financial guideline.

Negotiation on the Commission's ideas for improving the CAP in their Green Paper will not be easy. The Government will press hard for reform in the best long term interests of producers, consumers and taxpayers alike.

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FALKLANDS/ARGENTINA

"While honouring their undertakings to the people of the Falkland Islands, my Government will continue to seek more normal relations with Argentina."

The Government remains resolved to fulfil its commitments to promote the political, social and economic development of the Falkland Islanders in a climate of peace and security under a government of their own choosing. The Government is not prepared to enter into negotiations on sovereignty over the Falkland Islands but will continue to pursue its efforts to improve relations with the Government of Argentina on a realistic basis.

The past few months have seen several significant developments in the Falkland Islands. The Falkland Islands Development Corporation has published its first Report. Mount Pleasant Airport, which is capable of taking modern wide-bodied jets, will make an increasing contribution to the economic development of the Islands. And the Falkland Islanders have recently held elections under a new constitution designed to enhance democratic government there.

The Government maintains a garrison in the Islands with the sole purpose of deterring aggression and defending the Islands against attack. Force levels are subject to regular review and are maintained at the minimum necessary to ensure that the garrison can fulfil its functions. The level of forces has been reduced over the past year and the completion of Mount Pleasant

Airport in 1986 should permit a further reduction in the level of permanently stationed forces in the Islands.

The Government has taken a number of initiatives aimed at restoring more normal relations with Argentina. It believes the way ahead lies in seeking agreement on practical matters of benefit to both sides. The Government regret that Argentina has not responded more constructively to these initiatives and has failed to reciprocate the Government's removal of the ban on imports from Argentina in July 1985. That action was designed to assist the Argentine Government's efforts to restore the economy, and thereby to support democracy in Argentina.

The Government is continuing its efforts to bring about the establishment of a multilaterally-based fisheries conservation and management regime in the South Atlantic. In his speech to the UN General Assembly on 25 September, the Foreign and Commonwealth Secretary made clear the Government's support for the constructive initiative of the Food and Agriculture Organisation (FAO) in this field and his hope that Argentina would be prepared to work with the FAO too.

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NON-ATTRIBUTABLE BACKGROUND

HONG KONG "They will also continue to discharge their obligations to the people of Hong Kong; and will propose provisions to implement the nationality arrangements arising from the Sino-British Joint Declaration."

The Government has made it clear that it will continue fully, responsibly and effectively to discharge its obligation to administer Hong Kong up to 1 July 1997.

The British and Chinese Governments are committed to implement fully the Sino-British Joint Declaration on the question of Hong Kong which was ratified on 27 May 1985 (Command 9543). They are conducting consultations on the implementation of the Joint Declaration in the Sino-British Joint Liaison Group, established under Annex II to the Joint Declaration. The first meeting of the Group took place in London from 22 to 25 July and the second meeting will take place in Peking from 26 to 29 November.

A White Paper entitled 'The National Provisions of the Hong Kong Act 1985' was published on 17 October containing a draft Hong Kong nationality Order in Council (Command 9637). The purpose of the Order is to implement the nationality provisions of the United Kingdom Memorandum associated with the Joint Declaration, within the framework already established by the Hong Kong Act 1985. The proposals in the draft Order will be debated in Parliament after the interested parties including the people of Hong Kong have had an opportunity to comment. The Government will then be able to take account of any points made before formally laying the Order before Parliament for approval next year.

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NON-ATTRIBUTABLE BACKGROUND

SOUTH AFRICA

"My Government will work for peaceful
and fundamental change in South Africa."

Britain shares with the vast majority of the international community the determination to see the total elimination of apartheid. The Government wishes to see an end to the current violence and repression in South Africa. The Government intends to encourage a process of negotiation between the South African Government and acknowledged black South African leaders (including some now in prison) and with leaders of other communities with the aim of establishing a system of government which commands the support of the people of South Africa as a whole.

The Government has used its diplomatic and other contacts to press for fundamental reforms in South Africa to encourage the process of dialogue and has recently joined European and Commonwealth Partners in major statements of policy towards South Africa. In September the Government joined other EC countries in calling upon the South African Government to take certain steps to create a climate of confidence within which the process of dialogue could take place. They adopted a list of restrictive measures to underline to the South African Government their deep concern at recent developments in South Africa. They also agreed on a series of positive measures to actively encourage the process of change.

At Nassau on 20 October, the Prime Minister joined other Commonwealth Heads of Government in drawing up a Commonwealth Accord on Southern Africa. This called on the South African Government to establish dialogue with representatives of the black community and stated that this dialogue should be initiated in the context of a suspension of violence on all sides. Commonwealth leaders agreed to set up a group of Eminent Commonwealth Persons to encourage and facilitate the process of dialogue in South Africa. They also agreed on a programme of common action bringing together a number of measures, some of which had already been implemented by the British Government, to send an important political signal to the South African Government.

Commonwealth Heads of Government have agreed to review the situation in South Africa in six months' time.

The Government remains committed to a policy of contact and dialogue in order to work for peaceful change in South Africa. The Government remains opposed to economic sanctions and trade boycotts which it believes would damage the South African economy, increase resistance to change and do harm to those in South Africa and Southern Africa whom the Government's policy is designed to assist.

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NON-ATTRIBUTABLE BACKGROUND

LEBANON

'My Government will work for ... the restoration of peace and stability in Lebanon.'

Lebanon has been in turmoil since 1975 with recurrent fighting between Lebanese and Palestinian factions and Syrian forces which, as the Arab Deterrent Force, were invited into Lebanon by President Sarkis in 1976. Israeli invasions in 1978 and 1982 worsened the situation. The United Nations Interim Force in Lebanon was established in 1978 to supervise Israeli withdrawal and assist the restoration of Lebanese government authority in southern Lebanon, but has been unable to carry out its mandate in full, because of a continuing Israeli military presence and a "security zone" controlled by Israeli-backed militia. A multinational force, including a small British contingent, established in September 1982 to help the Lebanese government maintain security in the Beirut area, was withdrawn in March 1984.

The Government has repeatedly expressed its support for efforts to promote national reconciliation in Lebanon. The Government fully supports UN efforts to persuade Israel to complete its withdrawal and permit United Nations Interim Force in Lebanon (UNIFIL) deployment to the international border in accordance with its mandate. The United Kingdom's contribution to UNIFIL was £7 million in 1984/85.

Disorder in Lebanon continues to threaten the safety of its inhabitants. The Government deplores all violence there, including the kidnapping of innocent hostages. The Government will continue to explore every possible means of securing the safe release of all hostages, especially Mr Alec Collett, a British UN employee kidnapped south of Beirut in March 1985.

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NON-ATTRIBUTABLE BACKGROUND

IRAN/IRAQ CONFLICT

"My Government will work for solutions to the conflict between Iraq and Iran ..."

The Government has maintained a policy of strict impartiality in the conflict between Iraq and Iran throughout the six years of the conflict.

The Government wishes to see the earliest possible settlement of the conflict and has supported the relevant Security Council Resolutions, particularly Number 540 of October 1983 and Number 552 of June 1984 which call for an end to the hostilities.

The Government is willing to endorse any realistic peace initiatives, especially through the good offices of the United Nations Secretary General. (Hansard 24 April 1985 col 446 No 68; Mr Luce to Mr Madel.) The Government fully supports the United Nations Secretary General's efforts to end the conflict, including proposals, made after his visit to Baghdad and Tehran (7-9 April 1985), aimed at limiting the scope of the conflict and bringing it to an early end. The Government continues to believe that the efforts of the UN Secretary General offer the best hope of a peaceful settlement to this tragic and wasteful conflict.

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NON-ATTRIBUTABLE BACKGROUND

ARAB/ISRAEL

'My Government will work for ... solutions to ... the Arab/Israel dispute.'

The Government, with its European partners, believes that there should be a negotiated settlement of the Arab/Israel dispute based on the fundamental and balanced principles of the right of the Palestinian people to self-determination and the right of Israel to exist within secure and recognised borders.

The Government fully supports King Hussein's initiative based on his 11 February agreement with the Palestine Liberation Organisation chairman, Yasser Arafat. King Hussein has called for a step by step approach leading to negotiations between Israel and a joint Jordanian/Palestinian delegation. The Government was disappointed that the meeting between Sir Geoffrey Howe and a joint Jordanian/Palestinian delegation, arranged for 14 October, did not take place, but will continue to play its full part in supporting realistic initiatives towards a just and lasting settlement. The US role remains crucial and the Government will continue to keep in close touch with the US administration.

In his speech on 21 October to the UN General Assembly, the Israeli Prime Minister called for direct negotiations with Jordan or a joint Jordanian/Palestinian delegation and accepted the possibility of international cover for such negotiations. There is thus some common ground between Mr Peres and King Hussein, who has proposed an international conference. The Government endorses the principle of international support for negotiations but believes that a conference would be useful only after the gap between the parties has been further narrowed.

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NON-ATTRIBUTABLE BACKGROUND

AFGHANISTAN

"They will seek to restore an independent and non-aligned Afghanistan"

The Government condemn the Soviet occupation of Afghanistan and have called repeatedly for the withdrawal of the over 115,000 Soviet troops there. The Government have fully supported the six United Nations General Assembly resolutions on Afghanistan, approved by massive majorities, which reaffirm the right of Afghan people to self determination and call for the immediate withdrawal of foreign troops, the restoration of Afghanistan's independence and non-aligned status, and the return of the refugees in safety and honour. A further resolution is expected to be passed at the conclusion of the United Nations General Assembly debate on Afghanistan commencing on 11 November. The Government supports the efforts of the United Nations Secretary General's personal representative to achieve an internationally acceptable settlement embodying the fundamental principles set out in the United Nations resolutions.

The Government will continue to ensure that the plight of the Afghan people, and the Soviet Union's responsibility for it, is not forgotten. Since 1980 the Government have given over £29 million to assist Afghan refugees in Pakistan. This year they have also provided £200,000 to assist Afghan refugees in Iran.

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CYPRUS

"They will support United Nations efforts for a settlement in Cyprus"

The policy of the Government is to seek a just, lasting and peaceful settlement to the Cyprus dispute. To this end, the Government support the efforts of the Secretary General of the United Nations who relaunched his peace initiative in August 1984. After proximity talks, the Secretary General brought together President Kyprianou and Mr Denktash for a high level meeting in New York in January. This failed to reach agreement. Since then the Secretary General has been pursuing his efforts to bring the two sides together. We have kept in close touch with him (the Prime Minister met him most recently in New York on 23 October) and with all the parties involved in the dispute, urging them to show the flexibility and political will necessary for a settlement.

The Government will continue to do whatever it can to support the Secretary General in his efforts. As President of the Security Council, Britain played an important role in drafting the Security Council's statement of 26 September which gave support to the Secretary General's efforts.

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CENTRAL AMERICA: CONTADORA GROUP

"They will support
.... and those of the Contadora Group to
resolve the tensions in Central America."

The Government have made it abundantly clear that they support the Contadora process as the best means of achieving a political settlement of the problems in Central America. The Government share with their European partners the aims of stability, security, peace, democracy and development in the region.

The Government's whole approach to Central America is designed to support the efforts of the Contadora group to promote conditions of political stability in which fundamental social and economic problems of the region can be tackled.

Since the San José meeting in 1984, the Government have played an active role with their European partners in ensuring that the follow-up conference to be held in Luxembourg on 11/12 November will fulfil the commitment entered into at San José to promote stronger economic and political relations between the two regions. The Government and its partners have remained in close touch with the Governments of Central America and the Contadora States. Arrangements for regular political dialogue between the two regions are likely to be agreed at the Luxembourg meeting in November.

In parallel, the European Commission in consultation with members of the Community and the Central American countries, have been examining how best to strengthen economic links between the two regions. An economic framework agreement on the lines envisaged in the San José communiqué has been negotiated. It is hoped that this will be signed at the Luxembourg meeting. The agreement will include provision for additional EC aid to Central America. The

/additional

additional aid will have the objective of promoting regional integration and the development of Central America as a whole.

The Contadora Group and the Central American are currently engaged in attempting to reconcile outstanding differences following the production of a new draft Contadora Agreement at 12/13 September meeting. A 45 day deadline was set by the Contadora Group for the completion of negotiations between the Central Americans themselves. Meetings on 7/10 and 17/19 October failed to reach agreement on the most difficult issues which include international military exercises, reduction and control of armaments and verification and control machinery.

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THE COMMONWEALTH

"My Government will give full support
to the Commonwealth"

The past year has been an active one for the Commonwealth. Some of the highlights have been:

- (a) The Commonwealth Heads of Government Meeting
Nassau from 16 - 22 October 1985;
- (b) Meeting of Commonwealth Ministers for Women's Affairs
in Nairobi on 13 July 1985;
- (c) Commonwealth Employment Ministers Meeting in Geneva
on 5 June 1985;
- (d) Commonwealth Education Ministers Meeting in Sofia
from 6 - 10 October 1985;
- (e) Commonwealth Finance Ministers Meeting in
The Maldives from 30 September - 2 October 1985
- (f) 31st Commonwealth Parliamentary Association
Annual Conference in Saskatchewan from
30 September - 12 October 1985

Considerable work has also been carried out in the course of the year by the Commonwealth Secretariat to implement the mandate given by Heads of Government, notably in the areas of economic co-operation and the security of small states.

Her Majesty The Queen visited Belize from 9 - 11 October.

/Her

Her Majesty The Queen and the Duke of Edinburgh were in Nassau at the time of the opening of the Commonwealth Heads of Government Meeting (from 11 - 19 October).

Her Majesty The Queen and the Duke of Edinburgh also visited:

St Christopher and Nevis	on 23 October
Antigua and Barbuda	on 24 October
Dominica	on 25 October
St Lucia	on 26 October
St Vincent and the Grenadines	on 27 October
Barbados	on 28/29 October
Grenada	on 31 October
Trinidad and Tobago	from 1 - 3 November

The Government attaches great importance to the Commonwealth, a unique association of 49 independent countries representing most parts of the world and nearly all stages of development. Commonwealth meetings and discussions are particularly valued by the participants.

The Government supports the activities of the Commonwealth Secretariat and other official Commonwealth organisations with contributions of approximately 30 per cent of their budgets, and also supports the Commonwealth Institutes in London and Edinburgh which are financed almost exclusively by British Government grant.

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UNITED NATIONS

"My Government will ... play a
constructive role at the United Nations"

The United Kingdom was one of the founders of the United Nations and a prime architect of the Charter. The United Kingdom is a Permanent Member of the Security Council.

The Government supports the United Nations as the world's major forum for international cooperation on a wide range of issues. The Government seeks to make maximum use of the UN to promote the peaceful settlement of disputes, to preserve international peace, to further international cooperation, to protect human rights and to spread the rule of international law.

The UK's financial contribution to the UN system (including voluntary contributions) amounts to approximately £140 million per annum.

The Government has given notice of its intention to withdraw from the United Nations Educational, Scientific and Cultural Organisation (UNESCO) unless certain reforms are achieved. The Government will review this decision after the UNESCO General Conference in Sofia ends on 12 November. Whatever the outcome of this review, the Government remains committed to the wider UN System.

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THE AID PROGRAMME

"My Government will maintain a substantial aid programme."

In cash terms the net aid programme has risen from £715m in 1978/79 to £1130 million in the current financial year. On present plans, (contained in Cmnd 9428 'The Government's Expenditure Plans 1985-86 to 1987-88', published January 1985) allocations will rise to £1170 million in 1986/87 and £1200 million in 1987/88.

In the three financial years to 1985/86, taken together, aid will have increased by more than the rate of Britain's inflation. Also, as a proportion of public expenditure, aid is expected to remain broadly stable to 1987/88.

Britain's performance against the United Nations target for official aid of 0.7 per cent of Gross National Product has declined in recent years. The Government remains committed to this target in principle, but like previous Administrations has not set a timetable for its achievement. Progress towards the target must depend on Britain's economic circumstances and other calls on resources. In absolute terms Britain has the sixth largest aid programme among western donors and the third largest in the European Community.

The Government places great emphasis on the quality and effectiveness of the aid programme. 80 per cent of bilateral aid goes to the poorer developing countries and almost all new aid is provided as grants rather than loans. Priority is given to agricultural development and to the improvement of essential infrastructure and such key sectors as education and health.

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RELIEF OF FAMINE AND OF OTHER DISASTERS

"My Government will ... play their part in the relief of famine and of other disasters."

The famine which has ravaged the Sahel region of Africa remains serious, but the outlook is now brighter. 21 countries required emergency food assistance in 1984 and 1985 and at least five, including Ethiopia and the Sudan, will continue to do so during 1986.

The Government spent £95 million (including an allocation from disaster funds) on relief operations in Africa in the year to March 1985, and expects to spend at least £80 million in this financial year. This includes contributions to the European Community relief and food aid programmes. Since October 1984 the Government has spent some £50 million in Ethiopia and £37 million in the Sudan. A major contribution has been made by the British Detachment on airlift operations in Ethiopia. The Government has also provided additional assistance with road transport in Ethiopia and in Sudan, as well as tents, medical needs and other non-food relief supplies. Much of the Government's support has been channelled through the voluntary agencies, such as Oxfam and Save the Children Fund.

The Government will continue to play its part in the relief effort in 1986. FAO Crop Assessment Missions are visiting Ethiopia and Sudan to evaluate the size of the harvest now being collected and to estimate the extra food aid and help with distribution required. Two factors militate against offering immediate extra food aid: there is substantial congestion at the ports; and care is needed to avoid donated grain ruining the markets of local producers and setting back their recovery.

The Government will continue to help poor countries to develop their economies so that the threat of such disasters recedes. In 1984 £234 million of long-term development aid was provided for sub-Saharan Africa.

/While

While assistance over the last 18 months has focused on Ethiopia and the Sudan, the Government also provides disaster relief to other countries in Africa and elsewhere in the world. In 1984/85, a total of £21 million was made available in this form, including £8 million for assistance to refugees through such international bodies as the United Nations High Commissioner for Refugees and the International Committee of the Red Cross. In 1985/86 the total is likely to increase to some £38 million, including assistance towards the recent disaster relief operation in Mexico. The Government's response to such disasters has been swift and will continue in 1986, with support being provided through the major British voluntary agencies and the international relief agencies.

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6 November 1985

NON ATTRIBUTABLE BACKGROUND

INVESTMENT PROMOTION AND PROTECTION AGREEMENTS

"My Government will.....
..... encourage investment
in developing countries."

The Government believes that Investment Promotion and Protection Agreements (IPPAs) can help to encourage investment in developing countries. The purpose of these Agreements is to stimulate the flow of investment between the two signatory States; to protect existing and future investments under the law of the host country; and, in the event of expropriation by a host government, to ensure that prompt, adequate and effective compensation is paid. They also provide for the independent settlement of investment disputes. IPPAs can act as an incentive to potential investors and as a reassurance for existing ones.

The United Kingdom has signed 23 bilateral IPPAs. The majority of IPPAs are with developing countries.

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SUPPLY ESTIMATES

" ... Estimates for the Public Service will be laid before you."

Entirely routine Supply Estimates are the means by which the Government seeks fresh Parliamentary authority for expenditure by government departments and certain other bodies such as Commissions, Museums, etc. Main Estimates for the forthcoming financial year are presented to Parliament in the spring, usually on Budget Day. Revised Estimates may be presented before the Estimates are approved, when there are reductions in the sums proposed or changes in the use to which the money may be put. The Government often needs to ask Parliament to authorise extra expenditure on some services during the financial year and this is done through Supplementary Estimates. These are normally presented in June, November and February.

Main, Revised and Summer Supplementary Estimates normally receive Parliamentary approval through the Appropriation Act in July or August. The remaining Supplementary Estimates receive approval through Consolidated Funds Acts later in the financial year.

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6 November 1985

NON-ATTRIBUTABLE BACKGROUNDECONOMIC STRATEGY

"Within the framework of firm monetary and fiscal policies designed to secure a continuing reduction in inflation, my Government will do all in their powers to encourage the growth of new jobs..."

The Government's financial policies are enshrined within the Medium Term Financial Strategy (MTFS) published on 19 March 1985 in the Financial Statement and Budget Report 1985-86 (House of Commons Paper 265). The MTFS is designed to achieve falling inflation and, ultimately, stable prices, through a progressive decline in monetary growth, supported by lower public sector borrowing.

At the time of the Budget, the Chancellor of the Exchequer, Mr Nigel Lawson, set a target range of 3-7 per cent for the growth of narrow money (M0) over the period 1985-86 and a target range of 5-9 per cent for the growth of broad money, as measured by £M3. M0, which has a relatively stable relationship with transactions in the economy, has been growing just below the mid point of its range but £M3 has been growing well above its range.

Mr Lawson explained in his Mansion House speech on 17 October that, with hindsight, the target range for £M3 was set too low. The Government are concerned to prevent a excessive build up of liquidity, as measured by the growth of broad money, lest it should be translated into spending and thus boost inflation. However, it is now clear that both individuals and companies wish to hold an increased proportion of their savings in liquid form. As a result, the Government is maintaining progress towards its inflation objective while £M3 is growing well above this year's Budget target range. The Government will nevertheless continue to monitor broad money but will not set a new target for the growth of £M3 in advance of next year's Budget. In forming an overall judgement about monetary conditions, they will take into account all the evidence, including the level of short-term interest rates, the behaviour of M0 and the exchange rate as well as broad money.

The MTFS also sets out a path for lower public sector borrowing. In his Budget Statement, Mr Lawson stressed that "while monetary policy is at the heart of the Medium-Term Financial Strategy, it needs to be buttressed by an appropriate fiscal policy" (Hansard 19 March 1985 column 789). The Public Sector Borrowing Requirement (PSBR) has already

fallen from 4.8 per cent of Gross Domestic Product (GDP) in 1979-80 to 3.1 per cent of GDP in 1984-85. At the time of the Budget, the PSBR for the current year was set at £7 billion, equivalent to 2 per cent of GDP, and was projected to fall to 1½ per cent of GDP by 1988-89. The Government will publish its latest forecast of the PSBR for 1985-86 as part of the Autumn Statement.

The result of these firm monetary and fiscal policies will continue to be seen in lower inflation. Over the 12 months to September 1985, the retail prices index rose 5.9 per cent. Mr Lawson indicated in his Mansion House Speech that he expects inflation to fall close to 5 per cent by the end of this year and below 4 per cent by the middle of next. By September, import prices had fallen 9½ per cent since their March peak and industry's raw material and fuel prices were 1½ per cent below their level of a year ago, while in their October survey, the CBI revealed that the proportion of firms expecting to raise average prices over the next 4 months is the lowest since 1968.

With inflation brought under control, the UK has now entered its fifth year of uninterrupted growth. GDP is at its highest ever level, having grown by 4 per cent in underlying terms (adjusted for the coal strike) between the first half of 1984 and the first half of 1985 - the largest annual increase since 1973.

Higher growth has been accompanied by higher employment: 677,000 jobs were created net between March 1983 and June 1985, more than in the whole of the rest of the European Community. But the recent unprecedented rise in the labour force (as more married women take up jobs and the "baby boom" generation of the 1960s leaves school) has prevented these increases in employment being reflected in a sustained reduction in unemployment. However, the trend of unemployment now appears to be broadly flat. In October, the seasonally adjusted level of UK unemployment (excluding school leavers) stood at 3,175,000, (13.1 per cent). The Government have stressed that the key to reducing unemployment lies in improving the way in which markets, especially the labour market, work and Mr Lawson pointed out on 17 October that, meanwhile, "employers who concede unnecessarily high pay rises are doing no one a favour: neither their own firms, nor the competitiveness of the British economy, and certainly not the unemployed".

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NON-ATTRIBUTABLE BACKGROUNDPUBLIC EXPENDITURE AND TAXATION

" Firm control of public expenditure will be maintained with a view to diminishing its share of overall national output and facilitating further reductions in the burden of income tax".

The public expenditure planning totals are set at £139 billion for 1986-87 and £144 billion for 1987-88 in the Financial Statement and Budget Report 1985-86, House of Commons Paper 265 (FSBR) published on 19 March 1985. Details of the Government's expenditure plans were published on 22 January 1985 in the White Paper on public expenditure (the Government's Expenditure Plans 1985-86-1987-88 Vols I and II Cmnd 9428).

The planning totals set out in the FSBR are consistent with the Government's aim of keeping public spending under control so that, after allowing for inflation, public spending is held broadly constant in real terms. As the economy continues to grow so public spending will fall as a proportion of Gross Domestic Product (GDP).

The Government will soon conclude the 1986-87 survey of public spending. The summary results will be published shortly in the Autumn Statement with details set out in the public expenditure White Paper early in 1986.

The Government believe that ordinary people still pay too much tax and that by sticking firmly to their economic policies and maintaining strict control of public expenditure there should be room for further reductions in the burden of income tax.

The Budget on 19 March 1985 raised basic personal income tax allowances by almost 10 per cent - about 5 per cent increases in real terms. There were the same cash increases in age allowances. The higher rate thresholds and bands were raised in line with inflation.

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The Budget introduced major changes in National Insurance Contributions which came into effect on 6 October 1985 and will reduce the cost of employing 8½ million low paid workers, 40 per cent of all employees. For employers, there are reduced contributions in respect of those paid less than £130 per week and the upper earnings limit on contributions is abolished. For employees, there are reduced contributions for those paid up to £90 a week but the upper earnings limit is retained. The self-employed Class 2 contributions are reduced from £4.75 to £3.50 a week and the Class 3 voluntary contributions are reduced from £4.65 to £3.40 a week. And tax relief was introduced from April 1985 for one half of the Class 4 earnings related National Insurance Contributions paid by the self-employed. The Budget also abolished Development Land Tax, introduced a major reform of Capital Gains Tax including new indexation provisions and simplified Stamp Duties.

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PRIVATISATION

"My Government will pursue vigorously their programme of privatisation, as a means both of improving the efficiency of the industries concerned and of encouraging wider share ownership".

Privatisation is a key element in the Government's economic strategy, one of a range of policies to reduce the size of the state-controlled sectors of the economy and to provide the right conditions for the creation of wealth. Its main objective is to promote efficiency whether through competition or other means. Other elements of this strategy include giving state sector tenants the right to buy their own homes, inviting tenders for a wide range of services within the public sector and, where cost effective, contracting out.

Until the present programme got underway, the nationalised industries in the UK accounted for about a tenth of the gross domestic product (GDP), a seventh of total investment in the economy and around a tenth of the retail prices index. They employed about one and a half million people and dominated the transport, energy, communications, steel and shipbuilding sectors of the economy.

In the last five years considerable progress has been made in returning state industries to the private sector. Twelve major public sector companies have been successfully privatised - British Aerospace, Cable and Wireless, Amersham International, National Freight Company, Britoil, Associated British Ports, International Aeradio, Enterprise Oil, Sealink, Jaguar, British Telecom and Inmos. Disposals by the British Technology Group (formerly the National Enterprise Board) include Government shareholdings in Ferranti, Fairey, ICL and Inmos. (A detailed breakdown of sales is attached at Appendix A.) Receipts from the sale of assets so far total about £7 billion. To date, over 400,000 jobs have been transferred to the private sector.

The Government will sustain the momentum of privatisation. In a speech on 17 July 1985, the Financial Secretary to the Treasury, Mr John Moore, who coordinates the privatisation programme, set out, in broad outline, the Government's plans. He said that he hoped that by the end of the present Parliament a number of major state businesses would have been transferred out of state control. These would include the National Bus Company, British Airways,

NON ATTRIBUTABLE BACKGROUND

Rolls Royce, Royal Ordnance, the British Airports Authority and the British Gas Corporation. In addition the Government also hope to privatise parts of British Steel and British Leyland. If this programme is completed in full, the share of GDP accounted for by state industries will have been reduced from 10½ per cent in 1979 to 6½ per cent and over 600,000 jobs will have been transferred to the private sector.

The success of privatised companies has been considerable. British Aerospace orders are at record levels while increased profits have been announced by Britoil, Cable and Wireless and Amersham International. The prospect of privatisation has also influenced industries; British Telecom reduced waiting lists; British Airways increased productivity; and there was a dramatic return to profitability at Jaguar.

Individual employees of privatised companies have also benefited from the chance to take up shares in the new company. This has served both to promote the Government's aim of encouraging wider share ownership and of increasing employees' commitment to the success of the company. So far almost 90 per cent of employees in privatised companies have become shareholders - producing a total of 330,000 new shareowners from former nationalised industries. Taken together, Government share sales and measures to promote employee share ownership since 1979 have nearly doubled to 3 million the number of individual shareholders in the UK.

The most important privatisation to date has been the sale of British Telecom (BT). The sale of some 51 per cent of the Government's shares in 1984 was the largest public flotation ever undertaken in the UK or the rest of the world. So far some £2½ billion has been received by the Government with a final instalment payment due in April 1986. In addition, the sale of BT resulted in a massive extension of share ownership in the UK: over 2 million individuals applied for and were allotted shares.

The Government have also introduced a number of measures to increase competition within public sector industries. The British Gas Corporation's statutory monopoly for supply of North Sea gas to industry has been abolished and a law passed to encourage the private generation of electricity; and the Transport Act 1980 liberalised long distance coach and bus services. The Government

NON ATTRIBUTABLE BACKGROUND

have also announced that they are examining the possibility of a measure of privatisation in the water industry.

In this present session the Government intend to pursue their privatisation programme with measures affecting the British Gas Corporation, the British Airports Authority and the Naval Dockyards. (See separate background notes.) In addition, the Government's remaining share in Cable and Wireless will be sold before the end of the financial year.

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SALE	(Proceeds net of costs £ million)						
	1979-80	1980-1	1981-2	1982-3	1983-4 (estimates)	1984-5 (estimates to date)	1985-6
1. British Petroleum	276		8		543		
2. British Aerospace		43					346(1)
3. British Sugar Corporation			44				
4. Cable & Wireless			182		242		(7)
5. International			64				
6. National Freight Co			5				
7. Britoil				334	293		431(1)
8. Associated British Ports				46		51	
9. International Aeradio				60(2)			
10. British Rail Hotels				30(2)	15(2)		
11. British Gas Corporation Onshore Oil Assets (Wytch Farm)						82(2)	
12. Enterprise Oil						380	
13. Sealink						40(2)(3)	
14. Jaguar						297(2)	
15. British Telecom						1352	1160(4)
16. British Technology Group and other Sales	94	167	191	75	43	168	
17. North Sea Oil Licences (Special Licensing Rounds)		195		33			
TOTAL(5)	370(6)	405(6)	494(6)	578	1157	2,491	1937

(1) Some costs not yet finalised. Payment due from second instalment.

(2) Proceeds retained by parent industry.

(3) Further £26m to be received in 1985-6.

(4) Some costs not yet finalised. Final instalment payment due in April 1986.

(5) Includes proceeds retained by parent industries.

(6) Excludes certain advance oil payments technically classified as privatisation receipts which net out to zero over the three years 1979-82.

(7) The Government have announced that, subject to market conditions, they intend to sell their remaining shares in Cable and Wireless before the end of this financial year.

NON-ATTRIBUTABLE BACKGROUND

PRIVATISATION OF THE BRITISH GAS CORPORATION

"Measures will be introduced to permit the transfer of the assets of the British Gas Corporation to the private sector."

Mr Peter Walker, Secretary of State for Energy, announced in the Commons on 7 May 1985 (Hansard, vol 78, cols 639 and 640) that he would be introducing a Bill to transfer the whole of British Gas to a private sector company in order to release it from unwarranted public sector restriction on its freedom to act as a successful commercial business to the benefit of consumers, its employees and the Corporation. A major objective would be to create wide share ownership in the company among its employees and the public. The new company would also be able to develop its business in areas outside gas supply - subject of course to the general framework of competition legislation.

The legislation would protect consumers by setting up regulatory arrangements to oversee gas prices and the terms and conditions of supply. There would be appropriate obligations to supply consumers. Consumers would also benefit from a clear and straightforward system of gas pricing based on the company's costs and commercial performance. The regulatory arrangements would put pressure on costs within the control of the industry, encouraging improved performance after privatisation to the benefit of all consumers.

The Government recognises the importance of protecting the interests of consumers and would aim to ensure that the consumers' voice would be properly heard in the industry after privatisation.

[more]

Current high levels of safety would be maintained, with the Health and Safety Executive continuing to have day-to-day responsibility for safety regulations. The new company would continue to have an obligation to maintain emergency services.

The provisions of the Oil and Gas (Enterprise) Act 1982 have already opened up opportunities for competition by third parties in industrial sales. These opportunities would be supplemented by provisions allowing competitors to supply smaller domestic and commercial customers in areas not already supplied by British Gas.

Following the legislation, the new company would be offered for sale to those employed in the industry and to the public. There would be special opportunities for gas consumers and small investors to buy shares. The Articles of Association of the new company are expected to include provisions (a "Golden Share") to prevent undesirable changes of control.

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6 November 1985

NON-ATTRIBUTABLE BACKGROUND

BILL TO ENABLE THE UNITED KINGDOM ATOMIC ENERGY AUTHORITY
(UKAEA) TO OPERATE AS A TRADING FUND

"Measures will be introduced ... to enable the United Kingdom Atomic Energy Authority to operate as a Trading Fund from 1 April 1986 with a capital structure and borrowing powers."

The proposed legislation would establish the UKAEA as a Trading Fund, rather than a grant-aided body as at present. The decision to make this change was announced by the Parliamentary Under-Secretary of State for Energy, Mr Alastair Goodlad, on 11 February 1985 (Hansard, vol 58, cols 30 - 33).

It followed a departmental review of the role and activities of the UKAEA in 1984, carried out under the chairmanship of the Department of Energy, with representatives from the Treasury and the UKAEA. Its guiding principles were: first, that the Authority should move further towards a commercial basis of operation; secondly, that a defined customer/contractor relationship should be applied as far as possible to its work.

As a Trading Fund, the UKAEA would account for all its activities in a fully commercial manner within a financial framework set by the Secretary of State. Work previously financed by the grant-in-aid would be carried out under a customer/contractor relationship with the Department of Energy.

[more]

The main provisions of the legislation would:

- give the UKAEA powers to borrow so that they could finance their capital expenditure programme;
- give the Secretary of State power to lend to the UKAEA out of the National Loans Fund;
- enable a commencing debt to be set, on which interest would have to be paid;
- allow the Treasury to guarantee UKAEA borrowing from non-Government sources;
- require the UKAEA to obtain the Secretary of State's approval for their capital expenditure and other development plans before carrying them out.

Press Office
Department of Energy
Thames House South
Millbank
London SW1

01-211 4545

6 November 1985

NON-ATTRIBUTABLE BACKGROUND

AIRPORTS

"A Bill will be proposed to introduce private capital into the British Airports Authority, to require larger local authority airports to be formed into companies, and to regulate certain airports activities."

The Government's White Paper, 'Airports Policy' (Cmnd 9542, June 1985) set out proposals for the future structure, operation and regulation of airports. These proposals required legislation to be put into effect and the Government undertook to introduce such legislation at the earliest opportunity.

An Airports Bill will be introduced in the 1985-86 session to implement the following commitments made in the White Paper.

- i. Transfer of the British Airport Authority's undertaking to a Companies Act company and provision for its privatisation;
- ii. Transfer of major local authority airports to Companies Act companies, with powers for local authority airport owners to dispose of shares in those companies, if they so wish;
- iii. Powers;
 - to establish and enforce rules to govern the distribution of traffic between airports serving the same area of the UK;
 - to develop and promulgate schemes for allocating capacity at congested airports;
- iv. Extension of the powers of the Civil Aviation Authority to regulate airports' aeronautical charges with help from the Monopoly and Mergers Commission.

Press Office
Department of Transport
2 Marsham Street
London SW1P 3EB

01 212 0431

November 6, 1985

NON-ATTRIBUTABLE BACKGROUND

THE DOCKYARDS BILL

"My Government will bring forward legislation to introduce commercial management to my Naval Dockyards, as a significant contribution to encouraging a commercial approach and securing value for money in its spending on defence".

The Royal Dockyards employ some 19,000 people with a turnover of about £400 million per year.

There has been general agreement for a number of years that change was needed but numerous previous considerations for changing the structure of the dockyards have come to nothing.

The Future of the Royal Dockyards, Defence Open Government Document, published on 17 April 1985, set out the options available for the future operation of the dockyards. A period of consideration followed and the Government had the opportunity to consider representations made to them including reports by the Public Accounts Committee and the Select Committee on Defence.

The Secretary of State for Defence announced in the House (Hansard 23 July 1985, vol 83, Col 867) that, following a period of consultation, the Government intended to proceed with plans to introduce commercial management into dockyards at Devonport and

Rosyth.

The option of commercial management with the Government retaining ownership of fixed assets remains the preferred option of both the Government and the Royal Navy itself.

Commercial management will have the advantage of freeing the local management from the more restrictive public sector constraints, which are not designed for such industrial activity, and will allow the private sector to make the most of the competitive opportunities open to the dockyards.

Discussions with industry have continued since the statement of 23 July and continuing interest is being shown by leading UK companies many of whom have taken the opportunity to make initial visits to Devonport and Rosyth.

In pursuing this course it is the Government's intention to achieve the best possible value for money whilst ensuring that essential strategic interests will be safeguarded.

It is intended that a proportion of the work carried out in the Royal Dockyards will be allocated to them in the future while they will have the opportunity of tendering, alongside commercial yards, for some of the other Royal Navy work. In addition the Royal Dockyards, when they have spare capacity, will be able to tender for commercial work.

Press Office
Ministry of Defence
Main Building
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London
SW1A 2HB

November 6, 1985
01-218-7924

NON-ATTRIBUTABLE BACKGROUND

INDUSTRY FUNDING OF AGRICULTURAL RESEARCH, ADVICE AND
RELATED SERVICES

"Legislation will be introduced to facilitate funding by the industry of agricultural research, advice and related services."

As part of the Government's policy to increase the funding by the agricultural industry of services of direct benefit to the industry, an Agriculture Bill will be introduced in the new session to facilitate industry contributions to the financing of promotion and research and development, particularly in the meat and cereals sectors. Statements relating to these proposals were made by the Minister of Agriculture, Mr Michael Jopling on 24 May (on R&D - Commons Hansard, written answers col 582) and 8 October (on promotion - press notice 284).

The Agriculture Bill will also provide for new charges to be made from the beneficiaries of the work of the Ministry's Agricultural Development and Advisory Service (ADAS). These provisions have been made in the light of a report in September 1984 on the future of ADAS by its Director-General, Professor Ronald Bell. Mr Jopling made statements on the arrangements on 13 November 1984 (Commons Hansard, written answers col 164), 22 January (Commons Hansard, written answers col 401), 24 May (Commons Hansard, written answers col 582) and 23 July 1985 (Commons Hansard, written answers col 448).

PRESS OFFICE
MINISTRY OF AGRICULTURE,
FISHERIES AND FOOD
WHITEHALL PLACE
LONDON SW1A 2HH
NOVEMBER 6, 1985
01-233 8226

NON-ATTRIBUTABLE BACKGROUND

ENVIRONMENTALLY SENSITIVE AREAS

"Legislation will be introduced.... to implement European Community arrangements to protect areas of particular environmental sensitivity".

A clause in the Agriculture Bill to be introduced early in the new session would enable the Government to designate environmentally sensitive areas and within them to make payments available to farmers to encourage the maintenance or adoption of farming practices which are compatible with the particular needs of the area. The Act provides enabling powers only; details would be laid down in Statutory Instruments after appropriate consultations.

PRESS OFFICE
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LONDON SW1A 2HH
NOVEMBER 6, 1985
01-233 8226

NON-ATTRIBUTABLE BACKGROUND

MEASURES TO INTRODUCE A REGULATORY FRAMEWORK FOR THE FINANCIAL SERVICES SECTOR

"Measures will be introduced to establish a new regulatory framework for the financial services sector, which will enhance its efficiency and competitiveness whilst providing safeguards for the interest of investors...."

Legislation will be based on the White Paper "Financial Services in the United Kingdom: a new framework for investor protection" (Cmnd 9432 published in January 1985) following recommendations in a review undertaken at the request of the Secretary of State for Trade and Industry by Professor I C B Gower "Review of Investor Protection" (Cmnd 9125 published in January 1984).

The main provisions which can most simply be described as self-regulation within a statutory framework, will be: a comprehensive definition of investments and investment business; the creation of a criminal offence for carrying out an investment business without authorisation as fit and proper to do so; the authorisation of investment businesses directly by the Secretary of State or through membership of a self-regulating organisation (SRO) recognised by the Secretary of State as providing equivalent safeguards for investors; making long-term life assurance companies subject to rules on marketing; creating powers to regulate the minimum content of offer documents with all such documents being subject to the same statutory requirement; and the relaxation of existing controls on collective investments, such as unit trusts, to enable a wider variety of investment opportunities to be made available.

MORE/....

Legislation would also enable the Secretary of State to delegate his powers to authorise and regulate investment business to a private sector, practitioner-based, regulatory body or bodies which satisfy specified criteria and whose rules comply with principles about fair dealing, duties of disclosure and of skill, care and diligence, the protection of clients' assets, suitability of investment recommendations and compensation for investors.

As envisaged in the White Paper, two practitioner-based bodies have been established. The Securities and Investments Board (SIB) (Chairman : Sir Kenneth Berrill) which is drafting the conduct of business rules to cover the regulation of securities and other investments; and the Marketing of Investments Board Organising Committee (MIBOC) (Chairman : Mr Mark Weinberg) which is drafting the rules to cover the marketing of pre-packaged investments such as life insurance and unit trusts.

Press Office
Department of Trade and Industry
1 Victoria Street
London SW1H 0ET

Tel: 01-215 5997

30 October 1985

NON ATTRIBUTABLE BACKGROUND

BUILDING SOCIETIES BILL

"Measures will be introduced to modernise and liberalise the law governing building societies."

This is the Bill foreshadowed in the Green Paper "Building Societies: A New Framework" (Cmnd 9316) in July 1984. As well as thoroughly overhauling the existing legislation (much of which dates from an Act of 1874), it will give the societies a range of new powers.

They will as a result be able to offer full money transmission services and a wide range of agency services, including securities and investment business. They will be able to own estate agent subsidiaries. They will be able to offer a full range of insurance services. They will be able to offer second mortgages and unsecured loans.

There will also be new powers in the housing field: to own and develop residential land; to manage residential property and to enter into shared ownership schemes.

But the new and higher risk activities will be limited by law. The great bulk of building society business will have to continue to be raising money from individual members for lending to home owners on first mortgage. This will maintain the movement's traditional ethos.

The prudential supervision of societies will build on the existing system run by the Chief Registrar of Friendly Societies. But there will be a new Building Societies Commission, chaired by the Chief Registrar and including people from outside Government service. A statutory investor protection scheme, similar to that under the Banking Act, will be introduced.

NON-ATTRIBUTABLE BACKGROUND

There will be a procedure to enable individual building societies to become companies, subject to the approval of their membership. A detailed consultative document on this will be published shortly.

Sir Patrick Mayhew,
As announced by the Solicitor General, in the House of Commons on 17 July 1985 (Hansard cols 379/380) the Bill will also include provisions enabling the Lord Chancellor to permit certain financial and other institutions to provide conveyancing services to the public.

Full details of the contents of the legislation were given in speeches by the Economic Secretary to the Treasury, Mr Ian Stewart, on 6 June and 1 November.

PRESS OFFICE
H M TREASURY
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01 233 3415

6 November 1985

NON-ATTRIBUTABLE BACKGROUND

WAGES BILL

"Measures will be brought forward to reform the operation of Wages Councils ... [and] ... to make provisions concerning the payment of wages..."

The Wages Bill provides for the simplification of the Wages Councils system and helps modernise methods of wage payment to promote efficiency and give new rights to all workers concerning deductions from pay.

The Wages Orders currently issued by the 26 Wages Councils in existence are excessively long, detailed and complex. They impose constraints and burdens on all firms, and are especially hard on small enterprises. There is also evidence that the imposition of statutory minimum rates has a damaging effect on job opportunities, particularly for young people.

For these reasons, and following a major consultative exercise, the Government has decided to change to a much simpler system which still recognises the established part the Councils play in the industries they cover. The details were announced to the House of Commons on 17 July 1985 (Hansard vol 83 column 326) by the then Secretary of State for Employment, Mr Tom King.

The new legislation would -

- take those aged under 21 out of the Wages Council system
- limit councils to setting a single minimum hourly rate and a single overtime rate.

The other main part of the Bill provides for the reforming of wage payment methods by -

- repealing the Truck Acts and associated controls on the payment of wages, making the method of wage payment a matter for contractual agreement
- introducing new controls designed to protect employees from unlawful deductions from their pay packets. For example, pay deductions from petrol pump attendants to cover stock deficiencies.
- providing a mechanism for complaint to an Industrial Tribunal to rectify an unlawful deduction from wages.

These new measures would encourage the move towards cashless pay and replace legislation that currently protects only manual workers.

Press Office
Department of Employment
Caxton House
Tothill Street
London SW1H 9NF

01-213 7439

November 6, 1985

NON-ATTRIBUTABLE BACKGROUND:

AMENDMENTS TO SEX DISCRIMINATION ACT

"Measures will be brought forward ... to make certain amendments to the law on sex discrimination in employment".

This piece of amending legislation has two aims. First, to bring the law into line with European Community requirements, following a judgment of the European Court of Justice. Second, to remove a number of long standing restrictions on the hours of women in employment.

The Court ruled on 8 November 1983 that the Sex Discrimination Act 1975 did not fully implement the European Equal Treatment Directive in three respects:

- the existence, in section 6(3) (b), of a blanket exemption for employers with five or fewer employees.
- the existence of a blanket exemption for employment in a private household;
- the Act's treatment of discriminatory terms in collective agreements, the internal rules of undertakings and the rules governing the independent occupations and professions.

The Department issued a consultative document on 19 September 1985 putting forward proposals for amending legislation and inviting comments by 30 November. The document proposes:

- (1) to remove the exemption of firms with five or fewer employees. The consultative document makes it clear that the Government, while firmly committed to equal opportunities, does not consider this change either necessary or desirable. It is accordingly pressing within the European Community for the relevant part of the Equal Treatment Directive to be amended, so that individual member States can choose whether to exempt very small enterprises. However, since failure to comply with the judgment would place the UK in breach of its obligations under the Treaty of Rome, setting a bad example for States who might wish to avoid other obligations, the Government concluded that it had no choice but to repeal the exemption.
- (2) to limit the exemption of work in private households under the Act to cases where the work involves close association or a close relationship with a member of the household, for example where companionship or personal care

is provided. In making its judgment, the European Court recognised that the principle of respect for private life was "fundamental" as well as the principle of equality of treatment.

- (3) to make void any discriminatory terms in relation to collective agreements. As individual workers have been able to claim redress under the Sex Discrimination Act since the Act came into operation nearly ten years ago, it is most unlikely that many such terms are still in existence. The practical effect of the proposed change would therefore be very small. Broadly parallel proposals cover the internal rules of undertakings and rules governing independent occupations or professions.

In March 1979 the Equal Opportunities Commission reported that legal restrictions on women's hours inhibited equal opportunity. The EOC recommended that legislation on hours of work treating men and women differently should be removed or, where health and safety demanded it, applied equally to men and women.

In the White Paper "Lifting the Burden" (Cmnd 9571 published in June 1985) the Government announced its intention of removing unnecessary restrictions and out of date discriminatory provisions of women's hours of work. The main restrictions are contained in the Factories Act 1961 but many of the provisions date from before the war. Quite apart from their discriminatory nature the restrictions on hours and shifts have become a bureaucratic routine with little if any practical effect.

Under the Factories Act employers can apply to the Factory Inspectorate for the restrictions to be lifted. No application has been turned down in recent years so the restrictions are taking up the time of employers and the Factory Inspectorate to no purpose.

Press Office
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01-213 7439

November 6, 1985

NON-ATTRIBUTABLE BACKGROUND

HOUSING: RIGHT TO BUY AND PRIVATE SECTOR INVOLVEMENT

"Legislation will be introduced to encourage the sale of public sector flats to their tenants and wider private sector involvement in the ownership and management of council housing...."

RIGHT TO BUY

The Government has recognised for some time the desire of most people to be responsible for their own housing. For many this means owning their own homes and it has been a priority to promote home ownership by all available means. This was reaffirmed by the then Secretary of State, Mr Patrick Jenkin, in his speech to the Institute of Housing on 28 June 1985. One such mechanism is the Right to Buy, enshrined in the Housing Act 1980. The proposed new legislation would contain measures to encourage further the purchase of public sector properties - particularly flats - by tenants. One of the measures was outlined in a consultation paper "Housing: The Right to Buy: Service Charges" published on 22 October 1985. This proposed better protection against the burden of service charges on tenants who had bought their leasehold flats. It recommended: firm estimates of anticipated charges; instalment arrangements for large charges; and mutual agreement on improvement schemes.

DISPOSAL OF ESTATES TO PRIVATE SECTOR

As part of its comprehensive programme to revitalise run-down and difficult-to-let council estates the Government has proposed measures which would facilitate the disposal of estates or parts of estates for redevelopment by the private sector, while safeguarding tenants rights. A consultative paper "Disposal of Public Sector Housing for Renovation: Proposals for Legislation", published on 17 July 1985 sets out a new ground to enable public sector landlords to gain possession of dwellings prior to disposal to the private sector. The proposed legislation would provide this new ground, subject to certain safeguards for tenants and would clarify the entitlement of displaced tenants to compensation.

HOUSING MANAGEMENT

The Government's Urban Housing Renewal Unit was set up on 19 June 1985 (DOE Press Notice No 239) to work with local authorities on ways of uplifting problem estates. Among the ideas it is exploring are a range of initiatives to improve and diversify housing management. In his Institute of Housing speech (28 June 1985) Mr Jenkin urged councils to consider delegating management responsibilities to co-operatives, housing associations, management trusts or other bodies. The legislation would enable innovative management schemes of this kind to take place, using a variety of management agencies.

Press Office
Department of the Environment
2 Marsham Street
London
SW1P 3EB
01 212 3492 or 4682/3

6 November 1985

NON-ATTRIBUTABLE BACKGROUND

THE PLANNING SYSTEM

"Legislation will be introduced to improve the planning system."

The Government's White Paper "Lifting the Burden" (Cmnd 9571) published on 16 July 1985, set out proposals for change in the planning system.

The proposed legislation would give effect to a number of measures outlined in Chapter Three of the White Paper, which looked at planning and enterprise.

It would:

- give powers to local planning authorities to establish simplified planning zones
- strengthen planning control over the location of hazardous substances
- introduce a package of miscellaneous amendments to simplify the planning system and make it more effective.

Nearly all of these proposals have been the subject of earlier public consultation. The White Paper sets them in the context of the Government's general policy on how the planning system should operate.

Simplified Planning Zones (SPZs)

The proposed legislation would extend to other areas the type of planning regimes already established in Enterprise Zones. It would enable the local planning authority to specify types of development allowed in an area so that developers could carry out developments that conform to the scheme, without the need for a planning application. Authorities would also be required to consider proposals for the establishment of SPZs initiated by private developers.

Hazardous Substances

The Government's proposals were set out in a consultative paper, "Planning Control over Hazardous Developments", issued in July 1984. The legislation would require the local planning authority's written consent before any land could be used for any purpose which involved the presence of a hazardous substance in a specified quantity. It would fill the gap in planning controls under which it is possible in certain circumstances to bring hazardous substances on to land without any development taking place which requires planning permission.

Miscellaneous Amendments

Two consultative papers, "Improvements and Amendments to the Planning System", published in July 1984, and "Development Plans", published in December 1984, set out a number of detailed proposals for simplifying some of the provisions in the Town and Country Planning Act 1971 and improving planning procedures. The proposed legislation would implement nearly all of these proposals.

Press Office
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2 Marsham Street
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01 212 3495/96 or 4686/90

6 November 1985

NON-ATTRIBUTABLE BACKGROUND

HOUSING (SCOTLAND) BILL

"For Scotland, Bills will be introduced to extend the rights of public sector tenants, and to facilitate the private ownership of public sector housing stock...."

The main purpose of the legislation will be to introduce provisions extending the right to buy to tenants of registered housing associations in Scotland. Ministers announced earlier this year that they intended to introduce such legislation at an early opportunity following dissatisfaction with the operation of a voluntary sales policy in Scotland. Housing association tenants in England and Wales already have the right to buy.

Steps will also be taken to make it easier for public sector tenants to purchase and to facilitate the privatisation of public sector housing. Provision will be made to remove anomalies which have emerged in recent years in the operation of the right to buy in Scotland and to overcome certain difficulties being experienced by housing associations, arising mainly from the different structures of the movement and the different legal position in Scotland.

The legislation would also contain provisions to improve and simplify building control in Scotland. These would implement measures in the Secretary of State's statement of intent of 29 November last year on the future of the Scottish building control system (Official Report, 29 November 1984, Vol 68, columns 553-554). The provisions would permit the introduction of a degree of self certification of compliance with the building standards regulations; the "type approval" of standard building designs; and arrangements to exempt certain small additions to buildings from the regulations.

PRESS OFFICE
Scottish Information Office
Dover House
Whitehall
LONDON
SW1A 2AU
01-233 8520
6 November 1985

NON-ATTRIBUTABLE BACKGROUND

LEGAL AID (SCOTLAND) BILL

"For Scotland, Bills will be introduced
to improve legal aid arrangements."

One of the main objects of the legislation would be to provide for the establishment of a Non-Departmental Public Body to administer legal aid in Scotland. This body would assume the various functions, including the determination of applications for civil legal aid and the payment of legal aid accounts, at present dealt with by the Law Society of Scotland, its Legal Aid Central Committee and its other Committees; the assessment of financial eligibility of applicants for civil legal aid which is currently carried out by the Scottish Home and Health Department; and, as a rule, the determination of applications for criminal legal aid in summary cases, which are at present the responsibility of the courts. The concentration of these functions in one body is designed to strengthen the accountability for and monitoring of legal aid expenditure, to improve the administration of legal aid and, in particular, to achieve greater consistency in the award of legal aid. While the Non-Departmental Public Body would be appointed by the Secretary of State for Scotland, it would reach its decisions independently in the light of its statutory functions.

Certain other changes will be made in the arrangements for making available legal aid and legal advice and assistance in relation to summary criminal cases but otherwise statutory provisions relating to legal advice and assistance, civil legal aid, legal aid for children and legal aid in solemn procedure cases will be substantially unchanged. In the preparation of legislation, account has been taken of the responses to the consultation paper on Legal Aid in Scotland published at the beginning of April 1985.

PRESS OFFICE
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01-233 8520

6 November 1985

DHB30206

NON-ATTRIBUTABLE BACKGROUND

SALMON (AMENDMENT) BILL

"..... and to modify and extend the management structure of salmon fisheries including further measures to combat illegal salmon fishing throughout Great Britain."

The main objectives of the Bill are to

- improve the present salmon management arrangements in Scotland by providing for changes in the structure and composition of District Salmon Fishery Boards;
- revise the powers of the Secretary of State for Scotland and District Boards in relation to the regulation of salmon fisheries in Scotland;
- update and strengthen anti-poaching measures.

The bulk of Scottish salmon legislation was enacted in the nineteenth century and for some time there has been general acceptance of the need not only to revise Scottish salmon laws to take account of changing circumstances, but on a Great Britain basis to meet concerns about the general state of salmon stocks and the extent of illegal fishing.

The legislation would provide for a more democratic and flexible approach to the composition and operation of District Salmon Fishery Boards which are voluntary bodies set up under existing salmon legislation by proprietors of fishings in a particular district. There will also be modernisation of the procedure for regulating aspects of salmon fisheries such as close times, essentially by shifting the prescription of detailed arrangements from primary to subordinate legislation.

To strengthen anti-poaching measures the legislation will introduce for Scotland and England and Wales new offences and related provisions dealing with illegally taken salmon to block loopholes in the existing legislation. For Scotland there would in addition be provision for the introduction of a scheme of licensing salmon dealers.

PRESS OFFICE
Scottish Information Office
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01-233 8520

6 November 1985

NON ATTRIBUTABLE BACKGROUND
SECURITY

"In Northern Ireland my Government will continue to support the security forces in enforcing the law and in working for the eradication of terrorism."

The Government has repeatedly made clear its determination to do everything possible within the law to bring terrorism in Northern Ireland to an end.

The Secretary of State, Mr Tom King, said in a radio interview on September 4: "We know the tremendous damage terrorism can do to ordinary innocent civilians and we shall combat it as firmly and as effectively as we can". Since 1969, 2456 people have been killed and almost 28,000 injured as a result of terrorism in the Province.

The Royal Ulster Constabulary (RUC) will continue to receive the assistance and resources they need to deal with terrorism. Expenditure on the RUC has increased steadily over the last three years from £230 million in 1983 to £274 million in the current financial year.

The strength of the RUC and its full time reserve is now approaching 11,000 and has doubled in little more than 9 years.

So far this year 389 people have been charged with terrorist type offences including 21 charges for murder and 34 of attempted murder.

Press Office
Northern Ireland Office
Whitehall SW1A 2AZ
01-273 5441

6 November 1985

NON ATTRIBUTABLE BACKGROUND

DEVOLVED GOVERNMENT IN NORTHERN IRELAND

"In Northern Ireland, my Government will seek widely acceptable arrangements for the devolution of power"

The Government continues to believe that there is a need for locally-elected representatives of the constitutional parties to agree on a way of resuming greater responsibility for the affairs of Northern Ireland which would command widespread acceptance throughout the community. A devolved administration to which both unionists and nationalists could subscribe would help undercut terrorism and provide the stability needed for economic regeneration.

This policy was set out in the April 1982 White Paper "A Framework for Devolution" (Cmnd. 8541). The Northern Ireland Assembly was set up by the Northern Ireland Act 1982 to recommend proposals for devolution and to scrutinise direct rule. It has now entered the final year of its four year electoral span.

Press Office
Northern Ireland Office
Whitehall
London SW1A 2AZ

01-273 5441

6 November 1985

NON ATTRIBUTABLE BACKGROUND

THE ANGLO-IRISH DIALOGUE

"They will seek to improve further their co-operation with the Government of the Irish Republic".

The Anglo-Irish talks aim to see whether an acceptable basis can be found to deepen the relationship between the United Kingdom and the Irish Republic, and to improve co-operation, particularly in the vital area of cross-border security. The Government is looking for an Agreement from which both countries and all parts of the community in Northern Ireland would benefit.

The context in which the talks are taking place is clear. The Prime Minister wrote to Dr Paisley and Mr Molyneaux on 13 September: "I can also repeat my unqualified assurance that sovereignty over Northern Ireland will be undiminished. You asked what I mean by this. I mean first of all Northern Ireland will remain part of the United Kingdom for as long as the majority in the Province so wish; and secondly that whatever may emerge from our discussions with the Irish authorities, responsibility for the Government of Northern Ireland will remain with UK Ministers accountable to Parliament."

The Government believes that if the dialogue is to have a chance of producing useful results, it must remain confidential until it reaches a conclusion. It hopes that the conclusion is not far off and has undertaken that - whether the talks succeed or fail - the outcome will be fully and publicly announced, and Parliament will have an opportunity for debate.

Press Office
Northern Ireland Office
Whitehall
London SW1A 2AZ

01-273 5441

6 November 1985

NON ATTRIBUTABLE BACKGROUND

EMPLOYMENT CREATION IN NORTHERN IRELAND

"Renewed efforts will be made to create and sustain employment, particularly by the encouragement of the private sector."

The adverse effects of the recession in recent years have been particularly severe on Northern Ireland industry. While recent economic indicators confirm that the Province is sharing in the recovery in activity at national level, this has not yet produced a reduction in unemployment (currently 21 per cent), although the decline in numbers actually in employment appears to have halted.

The Department of Economic Development (DED) is responsible for industrial development in Northern Ireland. For firms employing more than 50 people, that responsibility is exercised through the industrial Development Board (IDB), which was established in 1982. In May 1985 the IDB published its medium term strategy "Encouraging Enterprise". This defines the IDB's priorities for the next five years and the resources it will need to fulfil its tasks. The priorities are developing profitable, productive companies capable of maintaining and expanding employment, encouraging and assisting exports from Northern Ireland, and introducing profitable, productive investment from overseas.

Since small firms account for over 50 per cent of private sector employment in the Province special emphasis is placed on the development of the small business sector. The number of jobs created through small business projects has been increasing each year. The Local Enterprise Development Unit (LEDU), which is responsible for companies employing up to 50 people, promoted 4,009 jobs in 1984/85.

Both IDB and LEDU operate a wide range of incentives including grant schemes and other forms of assistance.

Press Office
Northern Ireland Office
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01-273 5441
6 November 1985

NON-ATTRIBUTABLE BACKGROUND

BILL TO REFORM SOCIAL SECURITY

"A Bill will be introduced to reform social security."

The Bill will contain provisions designed to implement proposals emerging from the Government's review of social security. It is expected to include changes to pensions, supplementary benefit, housing benefit, benefits for low-income working families, and other aspects of social security.

The review of social security started when Mr Norman Fowler, Secretary of State for Social Services, announced the establishment of the Inquiry into Provision for Retirement (Hansard, 23 November 1983 Vol 49, Col 360-361). An independent review to look at housing benefit was announced in February 1984 (Hansard, 6 February 1984, Vol 53, Col 612-613) and review teams for supplementary benefits for children and young people were announced in April (Hansard, 2 April 1984, Vol 57, Col 652-653). All these review teams had members from outside Government and invited evidence from the public at large, as well as from interested bodies. After the Government had considered their work, a Green Paper with proposals for the reform of social security was published in June 1985 (Cmnd 9517-9519). The report of the housing benefit review team was published at the same time (Housing Benefit Review: report of review team, Cmnd 9520).

The Green Paper contained proposals for a fundamental reform of social security. In pensions the major objectives of change were to reduce the emerging costs of the State earnings-related pension scheme and to increase occupational and personal pension coverage. The proposals on the income-related benefits involved radical changes to supplementary and housing benefits and to family support. Their aim was to direct resources where they were most needed; to make the system as a whole simpler and more coherent; and to ease the poverty and unemployment traps.

More than 7,000 responses commenting on the Green Paper proposals have been received. (Hansard, 22 October 1985, Vol 84, Col 129). The Government is considering those responses. A White Paper will be published in the next month or so with final proposals, and legislation will be introduced shortly after that.

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01-407 5522

6 November 1985

NON-ATTRIBUTABLE BACKGROUND

EDUCATION

SCHOOL GOVERNING BODIES

"Legislation will be introduced for England and Wales to improve the management of schools"

A Bill to reform the composition of school governing bodies and to clarify their functions and those of local education authorities (LEAs) and headteachers was announced in the Government's White Paper 'Better Schools' (Cmnd 9469, 26 March 1985).

The Bill follows the full implementation of the Education Act 1980 under which, since 1 September 1985, there has usually to be a separate governing body for each school and parents and teachers have to have the right to elect parent and teacher governors to each governing body.

The White Paper said there still remained three obstacles to realising the full potential of governing bodies as a force for good in the life of individual schools:

- insufficient account was taken of parents' natural and special interests
- the functions of governing bodies had developed piecemeal and were too restricted
- LEA appointees could dominate governing bodies.

The Government proposes that each governing body should have an equal number of parents and LEA representatives; teacher governors and headteachers acting as governors, as now; plus co-opted members. The precise composition of each governing body would depend on the school's size and status. Governors should serve for four years and be entitled to training.

On functions the White Paper said that:

- the LEA should continue to have all the powers needed to carry out its duties involving staff, resources, premises and curricular policies
- subject to the LEA's powers, the governing body's role should be strengthened so that, with the headteacher, it is able to determine the school's main policies and lines of development. It should also have a voice on staff, the curriculum and discipline. It should be told about the cost of maintaining the school and given control over some spending
- the professional responsibilities of the headteacher and staff should be respected. The responsibility of the headteacher for running the school - notably organising and delivering the curriculum and maintaining discipline - should have a firm legal foundation.

The governing body would be required to send an annual report to all parents and hold an annual meeting to which all parents must be invited.

Press Office
Department of Education and Science
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01-934 9880

6 November 1985

NON-ATTRIBUTABLE BACKGROUND

EDUCATION

TEACHERS

"Legislation will be introduced for England and Wales....
to promote the professional effectiveness of teachers."

The Government's intention to introduce legislation:

- to fund in-service training of teachers through a specific grant
- to enable the Secretary of State to require local education authorities (LEAs) to appraise the performance of each teacher

was announced in the White Paper 'Better Schools' (Cmnd 9469, 26 March 1985).

IN-SERVICE TRAINING

The White Paper said the Government agreed with the Advisory Committee on the Selection and Education of Teachers (ACSET) that the £100m or so a year spent by LEAs on in-service training was not being used to the best advantage and that the present system had serious defects. More systematic planning was needed by schools and LEAs to match training better to both the career needs of teachers and the curricular needs of schools.

Responsibility for planning and implementing much in-service training would continue to rest with LEAs but within a framework which would lead to more effective planning and management of training. To qualify for specific grant LEAs would have to submit in-service training plans to the Department.

The grant would provide for training in national priority areas and also training to meet locally assessed priorities. Most of the costs of such training - including the cost of replacing teachers released to courses - would fall within the scope of the grant.

TEACHER APPRAISAL

The White Paper said that teachers needed support and encouragement for their professional development throughout their careers. Regular and formal appraisal was necessary if LEAs were to support, develop and deploy staff to the best advantage. Consistent arrangements were needed within a single national framework.

Appraisal would help teachers to realise their full professional potential by:

- building on their strengths and working on any limitations identified
- picking out for promotion the most promising and effective teachers
- giving appropriate counselling, guidance and support to those teachers with professional difficulties.

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PUBLIC ORDER

"Measures will be introduced to strengthen the powers of the police to prevent disorder, to modernise and codify the common law public order offences in England and Wales..."

The purpose of the legislation is to provide a balanced legal framework in which the police have the necessary powers to prevent and deal with disorder, while freedom of speech and the right of protest continue to be safeguarded.

The Bill will be based on the White Paper "Review of Public Order Law" (Cmnd 9510, May 1985). The legislation would extend the controls on demonstrations contained in the Public Order Act 1936; revise and codify the common law offences of riot, unlawful assembly and affray; and tighten the offence of incitement to racial hatred.

There would be a new national requirement for the organisers of marches to give seven days' advance notice to the police. The existing powers of the police to impose conditions on marches to prevent serious public disorder would be widened to enable them to prevent marches causing serious disruption or coercion. Similar preventative powers are proposed in relation to static demonstrations and assemblies in the open air. There would be no power to ban, nor requirement of advance notice for, assemblies or static demonstrations.

The proposals in the White Paper for the modernisation of riot, unlawful assembly and affray were based on the Law Commission's report "Offences Relating to Public Order (Law Com no 123, October 1983).

The common law offences would be replaced by a range of new statutory offences: riot (maximum 10 years' imprisonment); violent disorder (maximum 5 years); affray (maximum 3 years); threatening behaviour (maximum 6 months). In addition there would be a new offence of disorderly conduct, punishable by a fine, to control acts of hooliganism which cause alarm, harassment or distress.

The offence of incitement to racial hatred would be made more effective by extending it to cover not only conduct which is likely to stir up racial hatred, but also conduct which is intended to do so. There would be a new offence of possessing racially inflammatory material with a view to publication or distribution; and the exemption for material circulated to members of an association would be removed.

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01-213 4050

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CONFISCATION OF THE PROCEEDS OF DRUG TRAFFICKING

"Measures will be introduced to... provide the courts with power to confiscate the proceeds of drug trafficking and to penalise the handling of such proceeds."

The purpose of the Bill is to provide new powers for tracing, freezing and confiscating the proceeds of drug trafficking. Central to the new proposals would be the new concept of a confiscatory fine, which the Crown Court would be required to impose on a drug trafficker in addition to whatever other sentence it would otherwise consider appropriate. The aim would be ensure that traffickers cannot enjoy their proceeds on release from prison, nor use them to finance further trafficking by themselves or their associates later.

The main elements of the Government's proposals were announced by Mr David Mellor, Home Office Parliamentary Under Secretary of State, at the Conservative Party Conference on 9 October, and are as follows:

The new legislation would create a new offence of handling the proceeds of drug trafficking; there would be additional powers for investigating authorities to obtain information about the movement or disposal of the proceeds of drug trafficking; the High Court would be given power to make interim restraint orders freezing the assets of a person accused of drug trafficking or of the new offence; and there would be a requirement that the Crown Court impose upon a person convicted of drug trafficking, or of the new offence, a confiscatory fine equal to the full amount of the proceeds from his offences. For this purpose there would be a presumption that anyone convicted of drug trafficking had derived all his assets from trafficking, except insofar as he showed the contrary.

The legislation would also provide extension of restraint orders and confiscatory fines to assets which had been transferred by the trafficker to third parties otherwise than for full value; the legislation would also provide for the enforcement of confiscatory fines by proceedings in the High Court; increased maximum periods of imprisonment to be served in default of payment of large fines; and power to enter into reciprocal enforcement agreements with other countries.

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6 November 1985

NON ATTRIBUTABLE BACKGROUND

SHOPS

"A Bill will be introduced to remove statutory
restrictions on shop opening hours ... "

The main provision of the legislation would be to remove the restrictions on trading hours in England, Wales and Scotland, so that shop keepers would have the freedom to open when they wished and shoppers would have the freedom to shop when they wished. It would also remove the prohibition on Sunday trading in England and Wales.

The Shops Acts, 1950-65, control the hours that shops, and other places where a retail trade as business is carried on, may open in England, Wales and Scotland. They prohibit Sunday trading in England and Wales with exemptions for certain goods, and for traders observing the Jewish Sabbath. They also regulate conditions of work for shop workers.

In July 1983, the then Home Secretary, Mr Leon Brittan, appointed a Committee of Inquiry into Proposals to Amend the Shops Acts under the chairmanship of Mr Robin Auld, QC. Their report (Cmnd 9376) published in November 1984, recommended the abolition of all legal restrictions on the hours for which shops may be open to serve customers and the abolition of the special provisions relating to the conditions of work of shop workers contained in Part II of the shops Act 1950.

Mr Brittan indicated the Government's acceptance of the recommendations during the House of Commons debate on the Auld Committee report (Hansard 20 May col 755-6) and added that the Government would look carefully at the need to retain the protection in Part II for young people. He also said that the Government would look sympathetically at the best way of ensuring that established shopworkers cannot be compelled to work on Sundays.

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NON ATTRIBUTABLE BACKGROUND

ANIMAL EXPERIMENTATION

"A Bill will be brought before you to make new provision for the protection of animals used for experimental or other scientific purposes ... "

At present experiments on living animals which may cause pain are controlled by the Cruelty to Animals Act 1876. The new legislation, which would replace the 1876 Act, would provide for tighter controls on the use of live animals in scientific procedures, while allowing important and valuable research to continue.

It would be based on the two White Papers, both entitled "Scientific Procedures on Living Animals" (Cmnd 8883, May 1983 and Cmnd 9521, May 1985). The proposals are largely based on the 1981 report of the Home Secretary's Advisory Committee on Animal Experiments on the framework of legislation to replace the Cruelty to Animals Act 1876.

The main provisions would be to introduce a new two-fold system of licensing experimental procedures on living animals whereby both the project and the competence of individual operators would need to be licensed before the procedures may be carried out. At present the licence to conduct procedures provides only an initial test of competence and suitability, and gives wide authority as to the scale and nature of the work to be carried out.

The Bill would specify the acceptable purposes for which procedures may be carried out. Legislation would also establish a system for specifying the premises on which the procedures might be conducted; include for the first time controls on establishments which breed or supply animals to be protected under the Bill; provide for the continuation of the Cruelty to Animals Inspectorate; and establish a new Advisory Committee for the Home Secretary, the Animals Procedures Committee.

The legislation would apply throughout the United Kingdom.

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