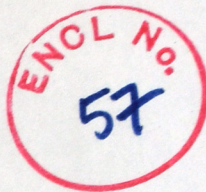


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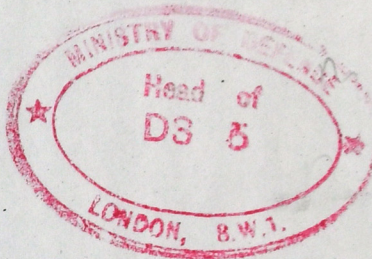
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7128

REQUISITIONING OF CANBERRA

1. CINCFLEET has decided to use HERMES in her ASW role, and the need thus arises for the use of a passenger vessel to transport troops. P&O CANBERRA is the most immediately available (8 April for loading), and chartering has been considered.
2. As was expected P&O have refused this charter as this would have made the company liable to all consequential 3rd party claims for breach of contract. We do not know whether government pressure, coupled with an undertaking to meet all such claims, would persuade them to change their minds (a course of action without precedent). But the disadvantages are serious:
 - a. We would be accepting an open-ended financial commitment for third-party claims. We cannot quantify this but it would vastly increase the cost of the operation;

possibly by many millions of pounds.

b. We would be reliant on the continued good will of the company for all operations we might wish to undertake.

c. Moreover the company would not wish to be seen to be voluntarily breaking their contractual obligations to their passengers.

3. The only alternative is requisitioning under Royal Perogative, which will require an Order-in-Council signed by HM. This would protect the owner against all claims (which could not consequentially be lodged against the Crown). The chartering cost (approx. £105,000 per day) would stand.

4. Either chartering or requisitioning poses potential problems:

a. We would not be able to man the Canberra from RN/RFA resources and would be reliant on the civilian crew remaining on board virtually in its entirety. P&O have, however, assured us that they do not foresee a problem in this area.

b. The Crew would be answerable under civil law rather than being under military command. It is not possible at short notice to assess all the complications of this but we do not anticipate those being a problem.

c. The crew are likely to demand supplementary pay (there is the precedent of the Suez bonus).

Nonetheless we do not consider these to be insuperable.

5. If SofS agrees to the requisitioning of CANBERRA, Cabinet agreement should be sought for reference to the Privy Council and the seeking of Royal assent. The Order-in-Council will subsequently cover any other ship which may be required from

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trade. Requisitioning action will lie with Dept of Trade.

6. The current requirement, besides CANBERRA, is BRITISH TAMAR and BRITISH ESK (oilers). Other ships for passenger lift, Ro-Ro and ammunition lift will certainly be needed.
7. Chiefs of Staff supported by DOT, have already approved this measure and urgent clearance is requested. P&O are aware of the proposal to requisition and are ready to proceed; they must know of HMG intentions by Mon a.m. in order to set arrangements in train for cancellation of the normal programme and prepare the vessel in time for operational use. A draft Order has already been prepared by DOT solicitors.
8. This submission has been prepared in consultation with the DOT.

R Parton

3 Apr 82

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