



Prime Minister ^{cc. A. Inquid}
To note

PRIME MINISTER

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s/s

As my colleagues know, I told the last coal industry Tripartite that there would be discussions between the Government and the National Coal Board about the Board's general financial problems. There is to be a meeting today between the Board and the unions at the coal industry's consultative body, the Joint Policy Advisory Committee (JPAC), at which Sir Derek Ezra has told me that he expects to come under pressure from the unions to give details of these discussions. The NUM have in fact asked the Board to consult them before putting any proposals to the Government. Ezra wanted in particular to be able to give the unions details of the Board's proposals on grants and capital investment.

I told Ezra that it was my strong view that the Board should avoid giving details on matters on which the Government has not yet reached a decision. It was particularly important that we should retain flexibility on anything, such as the Board's capital investment, which would affect their external finance requirement. Ezra said he would try to maintain this line, although he might come under great pressure from the unions.

The Board therefore now know that they cannot prejudice our decisions on these matters. But we must recognise that the NUM are very interested in the subject of the discussions and will want to learn about progress before their Annual Conference in July, no doubt at another Tripartite. We also will want to settle quickly the Board's external finance limit and capital investment allocation for 1981/82 and take a view on how we deal with their longer-term problems. I shall bring proposals on these matters before my colleagues.



I am sending a copy of this minute to the other members of
E Committee, the Secretaries of State for Scotland and Wales
and to Sir Robert Armstrong.

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SECRETARY OF STATE FOR ENERGY
31 MARCH 1981

CONQUEROR