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From the
Minister of State
for Consumer Affairs

*Miss Min
to Verden*

The Rt Hon Sally Oppenheim MP

Miss Minster

J D West Esq
Private Secretary to
The Rt Hon David Howell MP
Secretary of State for Energy
Thames House South
Millbank
London SW1

MCS returned to the

Monopolies Commission

no need to write to be announced on

Agreed. Has also been cleared with 14 September 1981

Dear Julian,

PROPOSED REFERENCE OF THE NATIONAL COAL BOARD TO THE
MONOPOLIES & MERGERS COMMISSION

14/9

Officials in our two Departments have been advising our respective Ministers in parallel about the proposed investigation by the Monopolies & Mergers Commission into the efficiency of the National Coal Board. I understand that Ministers in both Departments have agreed to the attached draft terms of reference for the inquiry; they have further agreed that there should be an announcement in mid-September of the intention to make the reference, while the reference itself will be formally made, together with a further announcement giving details of the terms of reference, at the end of October or early in November.

For the first announcement, I attach a draft press notice which my Minister proposes to release on Wednesday 16 September. I should be grateful if you would let me know whether your Minister is content with the terms of the announcement.

I am copying this letter and attachments to the Private Secretaries to the Prime Minister, the Chancellor of the Exchequer, the Secretaries of State for Scotland, Industry and Employment and Sir Robert Armstrong.

*Yours ever
Peter McCarthy*

PETER MCCARTHY
Private Secretary



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DRAFT PRESS NOTICE

NATIONAL COAL BOARD TO BE REFERRED TO THE MONOPOLIES AND MERGERS COMMISSION

Mrs Sally Oppenheim, Minister for Consumer Affairs, announced today that a study of the National Coal Board will be the next in the programme of investigations by the Monopolies and Mergers Commission into the efficiency of nationalised industries.

Mrs Oppenheim said:

"The Commission have now produced four very useful studies of efficiency in the nationalised industries, which have pointed to scope for significant improvements. Like the earlier inquiries, the investigation of the National Coal Board will cover the major aspects of the Board's efficiency and costs, including for example internal cost control and appraisal and control of investment projects.

I look forward in due course to seeing the results of the inquiry, which I am confident will be of great value to all working in the industry in their continuing efforts to improve efficiency".

Terms of reference for the inquiry will be announced in due course.

Notes for Editors

1 Section 11 of the Competition Act 1980 enables the Secretary of State to refer to the Monopolies and Mergers Commission questions about the efficiency and costs of, the services provided by, and

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the possible abuse of monopoly by nationalised industries and certain other bodies.

2 When the reference is made the Commission will be required to report within six months, though they may be granted one extension of up to three months.

3 Previous studies of nationalised industries' efficiency by the Commission have been on the Inner London Letter Post, British Rail's London and South East commuter services, the Central Electricity Generating Board and the Severn-Trent Water Authority. All these reports have been published.

4 The Commission are currently working on one other inquiry under Section 11 of the Competition Act, into the efficiency and costs of four public sector bus undertakings.

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DRAFT REFERENCE OF THE NATIONAL COAL BOARD
TO THE MMC UNDER SECTION 11 OF THE COMPETITION ACT 1980

The Secretary of State, in exercise of his powers under section 11(1)(a) of the Competition Act 1980 hereby refers to the Monopolies and Mergers Commission the question set out below relating to the efficiency and costs of the National Coal Board in the development, production and supply of coal.

The Commission shall, upon this reference, investigate and report on the question whether the Board could improve its efficiency and thereby reduce its costs, with particular reference to:

- (a) the extent, if any, to which its operating costs can be contained or reduced;
- (b) its system of internal cost control;
- (c) its purchasing policies;
- (d) its methods of controlling its stocks of stores and materials;
- (e) the planning and appraisal of new investment;
- (f) the management, supervision and control of investment projects.

The Commission shall report on this reference within a period of six months beginning with the date hereof.

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