

DEPARTMENT OF

# ENERGY

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## PRESS NOTICE

Prime Minister ②

To note.

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### GOVERNMENT GO AHEAD FOR £400 MILLION ASFORDBY MINE: MR PETER WALKER

Mr Peter Walker, Secretary of State for Energy, today gave the go ahead for the National Coal Board to develop the new £400 million mine at Asfordby in North East Leicestershire.

Mr Walker announced the Government's decision to give investment approval to the NCB project at a Coal Industry Society lunch in London. He said:

"I am pleased today to announce our approval of the request of the National Coal Board to go ahead with the Asfordby coal development. This is the biggest development that has taken place since the announcement of the Selby coal field in the mid 70s. It will involve investment at current prices of £400 million.

"When in full production this development will provide 1,100 new jobs, and produce 2.2 million tons of coal per year.

"It is important to stress that we would not make decisions on that scale during a period of considerable restraint on public expenditure unless we believed in the future of the coal industry. Indeed the Conservative Government has invested more than £2m per day in capital investment in the coal industry since 1979.

"Our major political opponents and ourselves are agreed about the importance of the future of this industry. When the Labour Government came in in 1974 it prepared "Plan for Coal" in consultation with the NUM and the NCB.

"It is important to remind ourselves of that Plan and its updating in 1977. Three major factors pointed to the future of the coal industry. Factor Number 1 was a massive coal investment programme. Factor Number 2 was an improvement in productivity. Factor Number 3 was connected with factor number 2 - the removal of the least economic production units in coal production. What has been the progress since then? The capital investment programme has not only taken place but, under the Conservative Government it has continued on a scale even greater than that envisaged both in 1974/75 and in 1977.

"At the moment capital investment in coal since 1974 at current prices is £650 million more than was envisaged in the total investment programme until 1985. So already in real terms capital investment in the coal industry has substantially exceeded what was envisaged in the Plan for Coal by Labour.

"The other two factors have not in any way been reached. Plan for Coal said there would be an increase in productivity of 4% a year. There had been no increase in productivity of 4% a year until this last year. Indeed the totality of the increase in productivity has been minute compared with the "Plan for Coal" forecast. The other factor was the eradication of the least economic areas of coal production, which was envisaged to be at a rate of 3 - 4 million tonnes a year. This too has not taken place and in fact has been something like half what was envisaged in Plan for Coal. I make this clear to you all, because those who prepared the Plan for Coal, and those who reviewed it, will share my genuine optimism that the coal industry does have an important and vital future for our country.

"It is the task of all those who work in the industry to see that this optimism is fulfilled".

#### Note for Editors

Asfordby mine is expected to become fully operational in about eight years. It has estimated coal reserves of at least 147 million tonnes.