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File

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File on

Blue Prime Minutes

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MR. TURNBULL

You may like to look at N Pascalis note before Cabinet. You can peruse the table at the weekend.

AT 9/5

COAL

Operating Costs - Pit by Pit

We enclose lists of 1982/83 financial results on a pit by pit basis. The lists are annotated to indicate which pits have been subsequently closed.

Closures

The NCB's closure plan does not involve a systematic closure of the most uneconomic pits in sequence. The NCB have felt it necessary to spread the closure programme throughout the areas in order to reduce the need for compulsory redundancies and to avoid being seen to concentrate on any one particular region.

Consequently some pits have been closed which have not been the worst offenders in the economic league table. The proposals to close Cortonwood were based on this approach, ie closure of Cortonwood gave an opportunity to redeploy the men from that pit in the same area. Nevertheless, it does seem that the approach to shutting Cortonwood was mishandled.

Future Closures

The NCB is in a difficult position in trying to reassure miners about their future. Even when 20,000 people and 4 million tonnes of output are withdrawn from the industry during this financial year, there will still be a future need to shut a further 20-25 pits with a further reduction in manpower of 20-25,000 men. Further closures of the order of 10mt will be required although these will be largely

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offset by new capacity. The problem for the Board therefore is that although total aggregate capacity should not need to be reduced in future years, there is still a requirement to reduce a substantial number of pits and to lose a substantial number of manpower from the industry.

Maintenance

Essential maintenance and safety cover is being carried out by the management unions and the NUM where appropriate. No pits which are not working are therefore likely to be permanently shut unless safety cover is withdrawn. The Bogside Pit which is referred to in the press was shut permanently during the overtime ban when safety cover was withdrawn but this has not occurred during the current dispute.

Opencast

Opencast coal is being produced at near normal levels - about 0.3mt per week. Workers at NCB opencast sites are in general members of the TGWU who have not responded to NUM pressure to stop work. Very little opencast coal is being moved and this is mainly occurring in those areas where deep mine pits are still working.

Miners' Endurance

The NUM do not pay strike pay. Pickets are receiving some expenses although this is probably now less than £5 per day.

A striking miner receives supplementary benefit for his family, ie not for himself nor for his wife if she is working. He is deemed to be getting £15 per week strike pay which is deducted from the supplementary benefit. He also receives child benefit although the supplementary benefit is adjusted to take account of this.

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It is not
thought that
the union whip round
is producing anything.

A married miner with a wife not working and two children at school will be receiving about £29 per week.

In addition families on supplementary benefit can receive help with housing in the form of mortgage interest payments and rent payments. Soup kitchens and playgroups are also in operation to the benefit of striking families.

Financial hardship is likely to become an increasingly relevant factor in this dispute although miners' endurance is notoriously long.

Conclusions

The current policy of maximising power station endurance and giving no concessions to the NUM should be continued. The Coal Board should continue to monitor opinion within the mining ranks and to press home the NCB's case as forcibly as possible.

If the dispute continues through the summer, we shall need to consider whether a change of strategy is required. A tougher approach in July for example could have the twin benefits of confirming to moderate mining opinion that the Government is determined to win and could also ensure that we obtain maximum advantage from the dispute. One example of tougher measures would be to withdraw management/union maintenance and safety cover in loss-making pits.

We shall also need to consider other options for increasing endurance. To a very limited extent, there is some scope for reducing electricity demand by banning display lighting and reducing voltage before rationing or rota cuts are contemplated. Other major options include transporting coal from the pits and opencast mines to the power stations and increasing imports.

DLP.

9 May 1984

DAVID PASCALL