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10 DOWNING STREET

*From the Private Secretary*

5 April, 1982.

Privatisation of the NCB's Opencast Operations

The Prime Minister was grateful for the Chancellor's minute of 29 March, which recorded the conclusions of the Ministerial Sub Committee on Disposals (E(DL) on the disposal of the NCB's opencast mining operations.

The Prime Minister has noted these conclusions.

I am sending copies of this letter to Julian West (Department of Energy), Gerry Spence (CPRS) and David Wright (Cabinet Office).

M. C. SCHOLAR

John Kerr, Esq.,  
HM Treasury.



Prime Minister (1)

You intervened on the  
basis of the Policy Unit's

Treasury Chambers, Parliament Street, SW1P 3AG  
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note at Stage A.

PRIME MINISTER

Yes  
not

Agree to E(DL)'s conclusions?

Plus 31/3

PRIVATISATION OF THE NCB'S OPENCAST OPERATIONS

At its meeting on 25 March the Ministerial Sub Committee on Disposals (E(DL)) considered the Secretary of State for Energy's paper E(DL)(82)3 on the disposal of the National Coal Board's (NCB's) opencast mining operations (E(DL)(82) 2nd Meeting). Your Private Secretary's letter of 15 March recorded your wish to be consulted before final decisions were taken.

2. E(DL) endorsed the Secretary of State for Energy's view that the Government's long-term objective must be to transfer to the private sector as much of the NCB's activities as possible and that in principle the opencast mining operations were a prime candidate for sale. The Sub Committee was, however, unanimous in its view that, primarily because of the danger of provoking a confrontation with the miners, legislation on this front should be deferred until the next Parliament.

3. There is already a real possibility of difficulty with the miners this autumn over pay. Mr Scargill will doubtless want to demonstrate his toughness as a negotiator during the first pay negotiations of his presidency of the NUM; recent press reports have suggested a claim as high as 27 per cent. He will also want to avoid a repetition of the defeat he suffered in the miners' pay ballot in February. He will therefore seize any opportunity that arises to present the Government's policies as a threat to the future of the coal industry and to move any dispute next autumn away from just pay and on to wider issues. An early announcement of further privatisation measures and the passage of the necessary





legislation could provide him with just such opportunities. Even moderate members of the NUM are strongly opposed to privatisation; the resolution expressing opposition to privatisation which the NUM Executive Committee passed last year was moved by Mr Trevor Bell, the most moderate of Mr Scargill's opponents in the presidential election. An early announcement of a decision to sell off the NCB's opencast operations would be essential if the necessary primary legislation were to be prepared in time for inclusion in the 1982-83 Session, and this could put at serious risk the steps we are currently taking to maximise power station endurance by the autumn. The Sub Committee was also concerned that early action on privatisation, even if it did not result in a major dispute with the miners, could make more difficult the achievement of other measures designed to restore the coal industry to profitability, such as the elimination of high-cost mining capacity.

4. For the same reasons E(DL) also agreed that consideration of legislation necessary to transfer to the Department of Energy, or to any other body, the NCB's powers to licence independent mines should be deferred until the next Parliament.

5. The Secretary of State for Energy will, however, press the NCB to continue to make good progress with the privatisation of its non-mining activities and with improving opportunities for small private licensed opencast operators; and also to adopt the recommendation of the Commission on Energy and the Environment that the Opencast Executive should be treated as a separate unit in the NCB's accounts, thereby bringing out more clearly the losses incurred by deep mining.

6. He will also make clear to the new Chairman of the NCB, when he is appointed, that one of his long-term objectives must be the transfer of as much of the NCB's activities as possible to the private sector. The Sub-Committee attaches

S E C R E T



importance to ensuring that the new Chairman is fully seized of this objective and is willing to put his weight behind it.

7. I am sending copies of this minute to the Secretary of State for Energy, to Mr Ibbs and to Sir Robert Armstrong.

*G.H.*

(G.H.)

29 March 1982





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