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MR SCHOLARcc Mr Mount
Mr WaltersPROPOSED IMPROVEMENT IN REDUNDANCY TERMS FOR MINERS

Mr Lawson has written to the Chief Secretary seeking his agreement to improved redundancy terms for miners for the 50-54 year old age bracket. I do not suggest that the Prime Minister intervene in this correspondence unless it looks as though the Treasury disagrees with the proposal; but the Prime Minister may wish to know that we strongly support it.

Ferdie Mount and I were discussing only this morning with Department of Energy Officials what should be our approach to the wide range of difficult issues arising over the next few years in the coal industry. It is quite clear that the only route to reducing massive losses of the NCB, which will continue throughout the 1980's unless something is done, is through reduction in capacity. That means pit closures, and after the election, closures at a rate well in excess of that which Ministers have judged appropriate for the interim. In pursuit of that objective, other objectives, including imports, may have to be subordinated. The main obstacle to an enhanced rate of pit closures lies in the resistance that will be encountered to compulsory redundancies. Given the age structure of the industry, redundancy terms for the 50-54 year old age group must be at least as attractive as those given to the older age group and are essential if several thousand people are not to be made involuntarily redundant. We were told this morning that redundancy payments for the older group average around £26,000 (lump sum equivalent), but even so some of those who took redundancy a few years ago are now realising that their payment does not last forever.

17 February 1983