

cc WK  
BI

- 1) Mr Scholar
- 2) ~~Mr Rickett~~

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SECRETARY OF STATE FOR ENERGY  
AND MINERAL RESOURCES  
MINTHORN HOUSE, LONDON SW1P 3BT

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ORIGINAL SENT  
TO JOAN PORTER  
30/3/83

APPOINTMENTS IN CONFIDENCE

Willie Rickett Esq  
Private Secretary to  
the Prime Minister  
10 Downing Street  
London  
SW1

28 March 1983

Dear Willie,

NCB CHAIRMANSHIP

As you know, it has been agreed that my Secretary of State should announce to the House this afternoon his appointment of Mr MacGregor as the next Chairman of the NCB.

I attach the text of his proposed statement. May I assume that, if I have not heard from you or copy recipients by 1 pm, the Prime Minister and other Ministers are content with the text.

I am copying this letter to John Kerr, Jonathan Spencer, Nick Huxtable, Murdo Maclean, Michael Pownell and Richard Hatfield.

Yours ever,

J D WEST  
Private Secretary

## NCB CHAIRMANSHIP

With permission, Mr Speaker, I wish to make a Statement about the Chairmanship of the National Coal Board.

When I appointed Mr Norman Siddall as Chairman last year, he made it clear to me that, regrettably, his health would not permit him more than a one year term. Strictly speaking, that year comes to an end on 3 July, but Mr Siddall has kindly agreed to stay on until the end of August. He has already proved to be an outstanding chairman of the Coal Board, as I am sure is widely recognised on all sides of the House.

As his successor I have appointed Mr Ian MacGregor, currently Chairman of the British Steel Corporation.

Mr Macgregor is a Scotsman who was sent to Washington by the Government during the war to deal with certain aspects of the purchase of arms from the United States. After the war he decided to make his business career there, which he did with conspicuous success, notably with the Amax Corporation.

His first act on becoming Chairman of Amax in 1969 was to take it into the coal mining business: by the time he retired from the Chairmanship of Amax in 1977 he had built it up into the third largest coal mining company in the United States.

Mr MacGregor's qualities were recognised by the previous Government when they appointed him a Deputy-Chairman of British Leyland in 1977, but he did not return to Britain on a full time basis until 1980, when my Rt Hon Friend the Member for Leeds North-East appointed him Chairman of the British Steel Corporation for a three-year term.

Since then he has led BSC with vigour and determination through a period of intense difficulty for the steel industry both at home and abroad. Last year, for the first time ever, BSC's productivity came close to the best levels of its European competitors.

Mr MacGregor's experience in building up and running a successful coal-mining business and the outstanding leadership he has provided at BSC have demonstrated that he is admirably equipped to become full-time Chairman of the Coal Board. He has agreed to accept a three-year appointment starting on 1 September.

Mr MacGregor has obligations to his partners in the New York based investment bank of Lazard Freres, from which he was released for three years in order to become Chairman of BSC. I have agreed similar arrangements in order to enable him to take on the Chairmanship of the National Coal Board for a further three years. Accordingly, a fee of £1½ million will be paid to Lazard Freres in compensation for the loss of Mr MacGregor's services. Two thirds of that fee will be refundable on a pro-rata basis if Mr MacGregor does not complete his full three-year term.

As with the BSC arrangements, Mr MacGregor will remain a non-active limited partner in Lazards while serving as Chairman of the Coal Board. But this will not entitle him to receive any share in the so-called transfer fee. He will be paid £59,325 a year - the same salary as Mr Siddall.

The agreed compensation is less than that payable under the BSC arrangements.

£1½ million, although less than the maximum compensation payable under the BSC arrangements, is a substantial sum. Indeed, it is what the Coal Board loses every day. But I am confident that, in securing the services of Mr MacGregor as Chairman of the National Coal Board, it will prove excellent value for money for the taxpayer, the industry and the nation.

*including members who have a vested interest*

In making these arrangements, Mr Speaker, my concern has been to find the best possible leadership for the Coal Board at this critical time. The industry and those who work in it deserve nothing less. The coal industry in this country faces fundamental problems of over-production and uncompetitive costs. If it can tackle these problems, it can secure for itself an excellent future and transform itself into the successful modern industry we need.

*in a successful coal-industry*

Mr MacGregor's objectives will therefore be to continue the task started by Mr Siddall and to focus the Board's efforts on the earliest practicable return to profitability, on competing successfully in the marketplace and developing new markets for British coal, and on securing the highest possible efficiency and control of costs.

I am satisfied that Mr MacGregor is the best man for the job. This is an appointment which everyone with a genuine interest in the success of this great industry will welcome.