



SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

10 July 1984

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You will have read that the talks between the NUM and the National Coal Board failed to reach agreement although both sides agreed to further talks on Wednesday 18 July.

I think it is important to emphasise that the National Coal Board's position is one of proposing a sane and sensible procedure for identifying those pits that should be closed. The wording that they proposed was as follows:-

"In order to establish more clearly the parameters in respect of exhaustion of reserves - in line with principles of the Plan For Coal - it is agreed that in the future the following categories and procedures will apply:

- (a) Collieries which are exhausted in line with the principles set out in the Plan For Coal will be closed by joint agreement.
- (b) Collieries facing severe geological difficulties, ie safety, again in line with the principles of the Plan For Coal, will be closed by joint agreement.
- (c) The NCB and NUM agree that where a comprehensive and in-depth investigation by their respective mining engineers shows that a colliery has no further mineable reserves that are workable or which can be beneficially developed, there will be a joint agreement between the board and union that such a colliery shall be deemed exhausted."



The above wording was a wording that the National Union of Mineworkers themselves drafted, and the only word added to that draft by the National Coal Board was the word "beneficially". It is this word that Mr Scargill refuses to accept. Mr Scargill has therefore identified that the NUM's position is that they would like such pits to continue operating, in spite of their operation not being beneficial.

A further disagreement between the two sides was that the National Union of Mineworkers wanted an undertaking that five pits - Polmaise, Herrington, Cortonwood, Bullcliffe Wood, Snowdown - should remain open, whereas very reasonably the National Coal Board agreed that these five pits would be subject to further consideration, so as to ascertain whether or not they came into the criteria suggested for those pits that need to be closed.

The National Coal Board have therefore put forward proposals that are sensible and realistic and are the only proposals that will give the coal industry a good future.

I attach to this letter a nine point programme that the National Coal Board are able to offer the industry and the mineworkers. It is this programme that we need to bring to the attention of the public and the miners over the coming days.

I also attach figures for the cost of deep mined coal, as this has been a matter upon which we have continuously heard misleading statements from Mr Scargill.

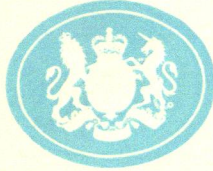
Yours sincerely

PETER WALKER



NINE POINT PROGRAMME FOR THE COAL MINING INDUSTRY

1. We would continue a major investment programme far greater than that in the coal industries of the whole of the rest of the European community. An investment programme which will provide Britain with the most effective and efficient coal industry in Europe.
2. A pay award to miners, backdated to last November, which will continue to provide miners with earnings substantially above average industrial earnings in this country, and a pay offer that exceeds offers already accepted by other major industries such as the power, water and railway industries.
3. The Board will agree upon procedures which will operate to define a pit as being exhausted for the purposes of economic coal production. These procedures will ensure that the National Union of Mineworkers will have all the facts available to them and will be fully consulted at local level.
4. For that small minority of pits that are defined as being exhausted for the purposes of economic coal production, arrangements will be made so that every miner working in such a pit will be offered the opportunity to continue as a miner in another of the National Coal Board's pits. There will therefore be no compulsory redundancies. (The 10 per cent of coal production that is currently the most uneconomic is making losses of £300 million per year, and the cost of such production is massively above the average).
5. The Board will provide an early retirement scheme of generous capital sums and weekly payments, so that miners



over the age of 50 in pits whose economic life is coming to an end will be able to take early retirement on terms more generous than those available in any other industry. This scheme will also be applied in neighbouring pits where there is a need to provide vacancies for those miners who wish to transfer to them.

6. At any pit that comes to the end of its economic production, provision will be made so that if a miner under the age of 50 would prefer to take voluntary redundancy rather than to take a job at another pit he will be given very generous redundancy terms. For example, a miner aged 37, who had been in the industry throughout his working life, would receive more than £25,000 in redundancy payments should he wish to volunteer for these.
7. The Board will pursue a marketing policy more vigorous than anything they have previously conducted to persuade industry to convert to coal. A campaign which could well achieve the conversion of hundreds of manufacturing firms to coal in the near future. A vigorous marketing operation will also be applied overseas where the NCB sees considerable opportunities for the future, both in Europe and North America.
8. The Board will bring into full operation its new Enterprise Company, which will provide mining communities with advisory services, accommodation facilities, managerial advice and, if necessary, launch aid, to assist new small business and new enterprises in those mining communities where a new diversity of jobs are required.
9. The Board is willing to negotiate with the National Union of Mineworkers agreements whereby miners will obtain their share of the benefits that will be obtained from the improved productivity and growth of the industry that will take place in the future.



The combination of the massive investment programme, the dynamic marketing programme and the concentration of the Board's resources on producing coal at low cost and with high production will combine together to give a very substantial growth in productivity.

When this is achieved by the industry it means that with the appropriate negotiated agreements miners can look forward to substantially enhanced incomes in the years to come.



COAL COST COMPARISONS

Mr Scargill claims that Britain produces the cheapest deep-mined coal in the world, and that the British coal industry receives less support from the government than its competitors. The opposite is the truth:

1. Pit-head prices for deep-mined coal in the USA and Australia are as follows:

Australia	£16 - £19 a tonne
USA	£23 - £27 a tonne
UK	£46 a tonne

2. Both US and Australian coal companies pay large tax revenues to the government, and neither receive any subsidy support.