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PRIME MINISTER

COAL INDUSTRY BILL

A Bill is needed in 1984-85 to raise the financial limits for deficit grant payments to the NCB. There is no disagreement about this.

Mr. Walker proposes that as well as raising the limits the interim bill should extend a regime of deficit grants, to closure grants and RMPs from March 1986 to March 1987. He argues for this on the grounds that this will give more time for developing radical proposals for restructuring the coal industry which should then be negotiated in the 1986-87 session.

The Chancellor argues against extending the limits to March 1987 on the grounds that legislation to restructure the coal industry should be in the 1985-86 session.

I think the Chancellor is right to question the timetable for major legislation but wrong to try to link this with the extension of the existing regime. If the regime were not extended beyond March 1986 it would be necessary not only to introduce major legislation in the next session but to have secured Royal Assent by March 1986. The tail would be wagging the dog with administration of the current regime dictating the timetable of major legislation.

At present there is no provision in the 1985-86 programme for a coal bill though QL recognises that if it is thought right to go for a bill in the next session, it should have precedence over other bids.

I suggest the proper course is:

- (i) The 1984-85 bill should contain provision to extend the current regime to March 1987 if that proves necessary.

(ii) The timing of a major bill to restructure the coal industry should be dictated by genuine policy considerations eg whether, when the strike is over, it is advantageous to act fast or whether it looks better to take rather longer to develop major proposals. Meanwhile, Mr. Walker should be keeping open the option of legislation in 1985-86?

Yes Agree?
AT

12 February 1985

VC4AAO

MR TURNBULL

11 February 1985

COAL INDUSTRY BILL

Having gone to great pains to avoid fudging the settlement, we must not fudge the restructuring required to give us a commercially-sound coal industry for the 1990s and beyond. The best time to take the difficult, and inevitably painful, measures needed to achieve this end is in the immediate aftermath of the dispute. Peter Walker would rather have a protracted period of reflection followed by legislative changes in the 1986-87 Session, ie prior to the next Election. That would be a recipe for doing nothing radical.

Two courses of action should be progressing in parallel. Peter Walker needs his Coal Bill in the 1984-85 Session for short-term financial administration. Meanwhile we should be giving priority to formulating plans for a radical restructuring of the coal industry, and to drafting the enabling legislation. As soon as the dispute is over we should be ready to move into high gear, creating whatever room is needed for the supporting legislation - no later than the 1985-86 Session. We must not miss the window of opportunity after the strike.

JOHN WYBREW