

DEPARTMENT OF
ENERGY

File

Reference No. 45

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Thames House South, Millbank, London SW1P 4QJ.
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PRESS NOTICE

COAL INDUSTRY BILL PUBLISHED

The Coal Industry Bill, published today, makes provision for deficit grants totalling a maximum of £1,200 million for the last financial year (1984/85), the year of the miners' strike, and £800 million over the next two financial years to cover possible National Coal Board losses. Under the Bill, if in the event the audited accounts showed that the full £1,200 million was not required in 1984/85 the balance may be carried over to 1985/86 and 1986/87.

The intention to introduce legislation to enable payments of deficit grant to the NCB to continue during the period of reconstruction following the miners' strike was announced by Mr Peter Walker, Secretary of State for Energy, on March 19 this year. The Coal Industry Act 1980 was originally intended to cover deficit payments to the NCB for three financial years - 1983/84, 1984/85 and 1985/86 - to a maximum of £2,000 million. Because of the miners' strike, the amounts allowed by the Act only met the Board's deficits for 1983/84 and part of 1984/85. The new Bill therefore provides for further payment of deficit grant and extends by one year - to the end of March 1987 - the period in which deficit grants may be paid to the Board. It remains the objective that the Coal Board should break even without the need for deficit grant by 1987/88.

The new Bill similarly proposes to extend the possible period for operation of the Redundant Mineworkers Payments Scheme and the Concessionary Coal Payments Scheme by one year to the end of March 1987, keeping this in line with the new period for which deficit grant is payable, and enables the limit on total payments to be increased to a maximum of £1,800 million by Order if this is necessary. The Bill does not affect the benefits payable to individuals.

The new Bill also proposes extending the qualifying period for payments of pit closure grants by one year to the end of March 1987. Under the Coal Industry Act 1977, the present limit on total pit closure grant payments is £400 million. This limit remains, although the new Bill would enable the total to be increased by Order if necessary to a maximum of £450 million.

The Bill is designed to ensure that adequate legislative powers exist to meet needs which might arise during the National Coal Board's financial years 1985/86 and 1986/87. It is not an assessment of likely expenditure on pit closure grants and redundancy payments over the next two years and provides for the further approval of Parliament before the present ceilings on payments are raised by Order.

BACKGROUND NOTES

Redundant Mineworkers Payments Scheme and Concessionary Coal Payments Scheme

The Coal Industry Act 1967 provided for the introduction of a scheme to enable assistance to be given to people made redundant by the closure of coal mines or the consequent reduction in ancillary services. Such a scheme was introduced in The Redundant Mineworkers (Payments Scheme) Order 1968, which specified the benefits payable.

The Act was subsequently amended and extended to enable a scheme to be introduced covering the provision of concessionary coal to redundant mineworkers in 1973 and to include redundant cokeworkers in 1980. The schemes now derive from the Coal Industry Act 1977 as amended most recently in the Coal Industry Act 1983 which covers the period up to March 30, 1986, and limits total payments to £1,200 million.

The benefits available to redundant mineworkers and cokeworkers are presently laid out in The Redundant Mineworkers and Concessionary Coal (Payments Schemes) Order 1984 as amended, which covers men made redundant up until March 30, 1986 and provides the most generous redundancy benefits available to any group of industrial workers. Benefits include a lump sum payment and weekly payments for men aged 50 or over on redundancy.

Pit Closure Grants

The Coal Industry Act 1977, as amended, also provides for the payment of pit closure grants to the National Coal Board, enabling the Government to reimburse up to one half of the Board's expenditure under a variety of headings associated with the re-deployment of the Board's manpower and the elimination of uneconomic colliery capacity.

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Treasury Chambers, Parliament Street, SW1P 3AG

Phillip Evans Esq
Private Secretary to the
Secretary of State for Energy
Department of Energy
Thames House South
Millbank
LONDON SW1

24 April 1985

Dear Phillip

COAL INDUSTRY BILL PRESS NOTICE

The Financial Secretary has seen a copy of the draft Press Notice and has suggested the following changes, which I have already given to you by telephone.

2. First, in the light of the recent correspondence between the Chancellor and your Secretary of State, the Financial Secretary considers that a further sentence should be added at the end of the second paragraph as follows:

"It remains the objective that the NCB should break even without the need for deficit grant by 1987-88."

3. Second, as regards RMPS, your Secretary of State's letter of 23 April said that, while he wished to discuss further with Ian MacGregor the handling of the time limit on the Scheme's present terms, he would take care in introducing the Bill to give no assurance that the present terms would be available beyond 30 March 1986. In view of this the Financial Secretary considers a sentence along the following lines should be added for clarification at the end of paragraph 3 of the draft:

"It does not necessarily mean that offers of redundancy under the present generous terms of the scheme will continue beyond 30 March 1986 when Parliamentary authority for these terms expires."

4. The Financial Secretary is content with the minor technical amendments to the first paragraph discussed by officials.

5. I am copying to the Private Secretaries to the Prime Minister and the Lord Privy Seal and to the Chief Whip.

Yours sincerely
Vivien Life

VIVIEN LIFE
Private Secretary

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