

PRIME MINISTER

COAL INDUSTRY BILL 1986

As you know, I have a place in next year's legislative programme for a short, essential Coal Industry Bill dealing primarily with the ending of RMPS and the introduction of wider social grant powers. Yesterday I had a meeting with representatives of the Union of Democratic Mineworkers (UDM) which convinced me that the Bill should also deal with the intolerable position the new union finds itself in.

I have to tell you that the UDM leadership is most depressed and demoralised by the numerous, primarily legal, problems they have encountered in every sphere where they have sought either to improve the lot of their members or to represent them in organisations affecting their interests. The exercise of veto powers by the NUM has prevented the new union from having any representation on the Mineworkers' Pension Scheme (MPS), the Coal Industry Social Welfare Organisation (CISWO) or on any of the statutorily established coal industry consultation/conciliation procedures. They see themselves as abandoned by the Government, in spite of their efforts to maintain coal production through the strike and their courage in facing up to intimidation (still continuing in some places) from NUM members.

As a result their recruitment drive is meeting with little success, many men taking the view that it is better to wait and see what emerges from the current mass of proceedings before the courts. Yesterday's decision by an Industrial Tribunal in favour of two NUM workers at Ellistown colliery who were not being paid the wage increase paid to UDM members there is seen as yet another setback (although British Coal intend to appeal that decision in the High Court).

Many of our backbench members are only too aware of the problems now being faced by the UDM. In my view, if the next Coal Bill under this Government comes forward with no provisions to overcome some of these problems, we shall face major criticism from our own side.



The provisions I propose are as follows:

(a) a power to amend the rules of the MPS with a view to securing representation for all unions representing substantial bodies of the workforce similar to that now enjoyed by the NUM.

(b) in relation to CISWO and related organisations: a power to change the shareholdings of CISWO by Order and powers to amend agreements and trust instruments establishing Area welfare committees and Colliery Welfare Institutes.

(c) conciliation arrangements: a power to end by Order agreements under section 46 of the Coal Industry Nationalisation Act 1946.

(The courts are due to rule on the validity of the current conciliation arrangements next month: subject to the outcome, this last provision could prove unnecessary).

I envisage that the changes I have in mind would add only three clauses to the proposed Bill. It was originally estimated as between 5 and 10 clauses. Present estimates are that provisions already agreed would amount to no more than 6, in which case the Bill will still be a short one.

I recognise of course that these additions will make the Bill a good deal more controversial than should otherwise have been the case. Nor will we be able to present it as a Money Bill. However I am reasonably confident that the provisions I envisage should not make the Bill hybrid. Nevertheless I see considerable presentational advantages in taking powers to rectify the UDM's intolerable position. I would intend to make very clear that I would much prefer not to use these powers. Only if the NUM continue in their unreasonable and intransigent approach to all these questions will any Government intervention be required. There can however be no defence for allowing them to perpetuate the intolerable position of the UDM any longer.

*Handwritten signatures and initials:*  
 A large signature on the left, possibly "Aneurin".  
 The word "very" written in the middle.  
 The word "strongly" written on the right.  
 A small signature or initials on the far right.

SECRET



I should welcome your early agreement to this approach. I shall then write to colleagues setting out in rather more detail the nature of the powers I have in mind.

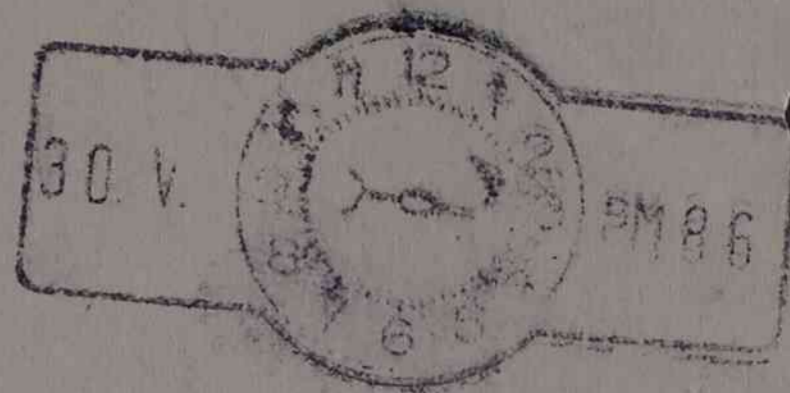
I am copying this minute to Willie Whitelaw, Nigel Lawson, John Biffen, Norman Tebbit, David Young and John Wakeham.

A handwritten signature in blue ink, which appears to be 'Willie Whitelaw', is written over the typed name. A thin line from the signature points upwards towards the typed name 'Willie Whitelaw' in the text above.

Secretary of State for Energy

30 May 1986

SECRET



RECEIVED



10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

2 June 1986

*Dear Joan,*

The Prime Minister has seen the Secretary of State for Energy's minute of 30 May in which he proposes to add clauses to the Coal Industry Bill 1986 designed to overcome some of the problems faced by the UDM.

The Prime Minister supports these proposals very strongly indeed.

I am copying this letter to Geoff Dart (Department of Energy), Rachel Lomax (HM Treasury), David Morris (Lord Privy Seal's Office), Andrew Lansley (Chancellor of the Duchy of Lancaster's Office), John Turner (Department of Employment) and to Murdo Maclean (Chief Whips Office).

*David*

(David Norgrove)

Miss Joan MacNaughton,  
Lord President's Office.

SECRET

SECRET

33 cc/BG



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Peter Walker MBE MP  
 Secretary of State for Energy  
 Department of Energy  
 Thames House South  
 Millbank  
 LONDON  
 SW1P 4QJ

NBM

9 June 1986

*Dear Peter,*

**COAL INDUSTRY BILL 1986**

I have seen your minute of 30 May to the Prime Minister. I also strongly endorse the new clauses you propose in that minute. It is essential to follow through the industrial relations gains won during the strike. That must mean giving better representation to the UDM. *at flap.*

I believe that there is one further NUM nuisance you might consider tackling over and above those you mention in your letter. At present the NUM appoints half the Committee of Management of the Mineworkers Pension Scheme. This enables the NUM to control decisions on investment strategy, on employee contributions and on benefit levels. In general the NUM tends to block increases in employee contributions. This tends to push the fund into a difficulty. Unfortunately - and this is the real nuisance - such a deficiency does not lead to lower pension benefits as the NCB has a statutory obligation to make good any funding deficiencies. In short the NCB pays for the NUM's irresponsibility and this in turn increases public expenditure.

This arrangement produces the kind of contingent liability which the Prime Minister said in her minute of 23 May we should seek to eliminate as far as possible. There are already monitoring arrangements to make regular checks on the funding positions of all nationalised industries' pension schemes. But these cannot protect the NCB against irresponsible union behaviour on contribution rates. The obvious solution would be to give the NCB a majority on the Committee of Management.

SECRET

This need not affect the drafting of the clause as such, only the subsequent order amending the rules of the MPS. Nor is there any need to spell out exactly what is proposed during the Parliamentary debates on the Bill. But obviously I hope you will feel able to take care not to rule out this change in the balance of power in describing how union representation is to be made fairer.

I am copying this letter to the Prime Minister, Willie Whitelaw, Nigel Lawson, John Biffen, Norman Tebbit, David Young and John Wakeham.

Yours etc,  
JG

JOHN MacGREGOR



*cc: SG*



Department of Employment  
Caxton House Tothill Street London SW1H 9NF  
Telephone Direct Line 01-213.....5949.....  
Switchboard 01-213 3000

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The Rt Hon Peter Walker MBE MP  
Secretary of State for Energy  
Department of Energy  
Millbank Tower  
LONDON SW1

*NBPN*

4 June 1986

*Mr Peter,*

**COAL INDUSTRY BILL**

I have seen your minute of 30 May to the Prime Minister and I strongly support your proposal to use the Coal Industry Bill to remove some of the legal impediments to the growth and influence of the UDM. I am sure that you will aim to draft your changes in a way that reduces the scope or excuse for any future Energy Secretary of a different persuasion to impose industrial relations structures unacceptable to British Coal. I would quite like to see your detailed proposals and have a chance to comment on them.

You will no doubt appreciate that I am interested in this subject as a Nottinghamshire MP as well as a Ministerial colleague!

I am copying this to the Prime Minister, Willie Whitelaw, Nigel Lawson, John Biffen, Norman Tebbit and John Wakeham.

*J. m.,*

KENNETH CLARKE

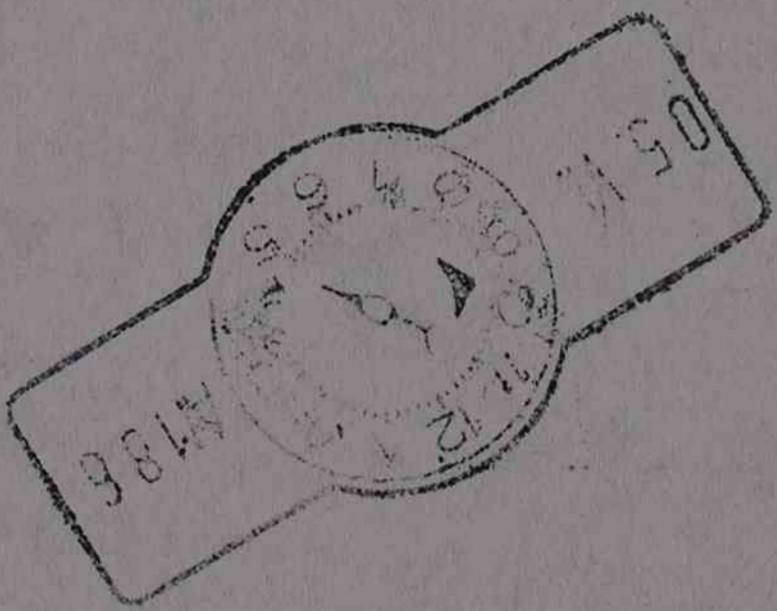
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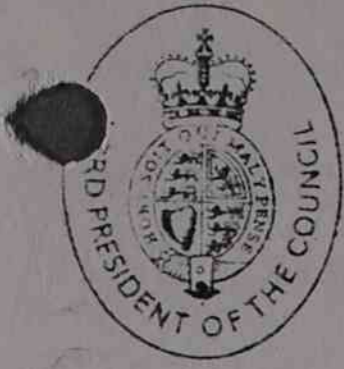


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PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

Prime Minister 2

4 June 1986

Dear Peter

DLS  
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MB

## COAL INDUSTRY BILL 1986

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FILE WITH DRD

In your minute to the Prime Minister of 10 May, proposing various ways in which the position of the Union of Democratic Mineworkers might be assisted, you mention that you are reasonably confident that your proposals should not make the Bill hybrid. This minute is simply directed to that point, and not to the general policy of your proposals on which the Prime Minister's views are recorded in her Private Secretary's letter of 2 June.

My advice is that while the question of hybridity is not clear cut, there is a real risk that provisions of the kind you describe could be held to be hybrid. Until your policy proposals are worked out in more detail I do not think that the question of hybridity can be resolved one way or the other. I must, however, put up a clear marker that the addition of yet further hybrid measures to the legislative programme next session could have very difficult implications indeed. As you know, we currently propose to include three hybrid Bills next session, including the Channel Tunnel Bill on which we are currently facing so many procedural problems. I do not think I need say more at this stage, but I should be grateful to be kept closely in touch as you develop your policy proposals on this.

I am sending a copy of this minute to the Prime Minister, the Chancellor of the Exchequer, the Lord Privy Seal, the Chancellor of the Duchy of Lancaster, the Secretary of State for Employment and the Chief Whip. I am also sending a copy to Sir Robert Armstrong and to First Parliamentary Counsel.

Yours  
L. M. H.

The Rt Hon Peter Walker MP

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COAL

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