



SECRETARY OF STATE FOR ENERGY

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MILLBANK LONDON SW1P 4QJ

01 238 2290

The Rt Hon John Wakeham MP
Lord President of the Council and
Leader of the House of Commons
Privy Council Office
68 Whitehall
LONDON
SW1A 2AT

11 June 1989

Dear John,

Thank you for your letter of 7 June. I have noted the contents and will ensure that our proposed Coal Bill is ready for prompt introduction at the start of the next Session.

As you already know, the core of the Bill comprises further financial support for British Coal. The need for this is becoming firmer.

In my initial bid for a Coal Bill in the next Session, I indicated that we were under pressure to include provisions on subsidence along the lines of the Government's 1987 White Paper response to the Waddilove Committee. I have looked at this again in the light of your advice that the legislative programme for the next Session is a very full one. Although non-controversial, the need to codify existing legislation in one Bill would involve a medium-sized Bill of perhaps 20 clauses, and I cannot justify this in the next Session. I do, however, believe we shall need to legislate on subsidence in the present Parliament, and it seems to me a very suitable candidate for the next-but-one Session.

However, subject to the views of colleagues, I would like to include in the Coal Bill a modest but useful step to raise the statutory limits on private sector coal mining imposed by the 1946 Coal Industry Nationalisation Act. The legislation I have in mind is a straightforward one-clause addition to the Bill amending the existing licensing limits from 30 men underground to 150 men underground (in respect of deep-mines) and from 25,000 tonnes to 250,000 tonnes (in respect of opencast mines).

We have committed ourselves to privatising the coal industry after the next Election, and I am cautious about introducing any radical, controversial legislation on coal in the meantime. However I am satisfied that it would be sensible to increase the licensing limits without delay. Small private sector mines account for less than 2% of total UK coal production. A significant part of their output is of qualities and grades, such as anthracite and large domestic coal, which are in short supply

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→ RA

Prime Minister²

You will wish to be aware

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11/6

attached



in the UK or in particular coalfields and where the private mines are effectively competing with imports. Elsewhere they provide a small, but locally useful, competitive stimulus to British Coal in the power station market. As the UK coal market has become more open, the licensed sector, like British Coal, has become more exposed to pressure from international coal prices, but the statutory limits on manpower and output have constrained the sector's ability to respond by expanding and investing to cut costs. Their output is currently falling at an annual rate of 20%. Under pressure from my predecessors, British Coal has endeavoured to interpret the statutory limits as flexibly as possible in awarding licences. But there is a growing risk that this flexibility may be challenged in the courts by environmental groups opposed to opencast mining. Without some increase in the limits I am concerned that it may be difficult to prevent the sector's decline accelerating.

We can expect any increase in the licence limits to be opposed by Labour (although liberalisation in this area has been advocated by the Centre parties and there are increasing numbers of Labour MPs from the Welsh and Scottish coalfields who recognise the job opportunities in mining that would result). But I believe that the Opposition would find it difficult to vote against the Bill in its entirety given the very substantial financial assistance it offers to British Coal. It will also reduce controversy if we can demonstrate that the measures do not represent a back-door privatisation of British Coal mines. The new limit of 150 underground workers I propose for deep-mines is therefore well below the 250 or so men required for British Coal's smallest mines; and only a very small proportion of the opencast mines worked by the Corporation are smaller than the new ceiling of 250,000 tonnes I am suggesting for opencast licences.

I am copying this to the Prime Minister, Nigel Lawson, David Young, Nicholas Ridley, Peter Walker, Malcolm Rifkind, other members of QL Committee, and to Sir Robin Butler.

Lawson *End,*
Leid.

CECIL PARKINSON



Cecil

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

10 July 1989

mbp

Dear Cecil

with DM?

COAL BILL

Thank you for your letter of 16 June seeking QL's agreement to a one clause addition to the Coal Bill, which has been granted a contingent place in next Session's programme, to raise the existing licensing limits for open cast and deep mines.

Peter Walker and Norman Lamont wrote in support of your proposal and no other colleague commented. You may take it, therefore, that you have QL's agreement to the Bill being extended as proposed in your letter.

I am copying this letter to the Prime Minister, members of QL, Nigel Lawson, David Young, Nicholas Ridley, Peter Walker, Malcolm Rifkind, Sir Robin Butler and First Parliamentary Counsel.

Yours
John Wakeham

JOHN WAKEHAM

The Rt Hon Cecil Parkinson MP
Secretary of State for Energy
Thames House South
Millbank
LONDON
SW1P 4QJ



ccfu

MBM
RCCG
20/6

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon John Wakeham MP
Lord President of the Council and
Leader of the House of Commons
Privy Council Office
68 Whitehall
LONDON SW1A 2AT

29 June 1989

Dear Lord President,
COAL BILL

at first

I have seen a copy of Cecil Parkinson's letter of 16 June on an addition to the Coal Bill to be introduced at the start of the next Session.

2. I support Cecil's proposal. Lifting the licensing limits on private mines will be a fairly simple and useful supply side measure. It will enable the private sector to develop sites of a size that currently falls between those owned by private operators and by British Coal (BC) and to compete on a more equal footing with BC and with imports. A more fully developed private sector could also be helpful for coal privatisation.

3. I am copying this to the Prime Minister, David Young, Nicholas Ridley, Peter Walker, Malcolm Rifkind, other members of QL Committee and to Sir Robin Butler.

Yours sincerely,

PP NORMAN LAMONT

(Approved by the Financial
Secretary and signed
in his absence)

PARLIAMENT: Legislation
P-18



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Oddi wrth Ysgrifennydd Gwladol Cymru



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From The Secretary of State for Wales

The Rt Hon Peter Walker MBE MP

CT/12266/89

28 June 1989

Handwritten signature: D. Lewis

Handwritten initials: NBB

Handwritten initials: RLC

Handwritten date: 28/6

Handwritten note: flat and R/A.

Thank you for the copy of correspondence between you and John Wakeham about the proposed Coal Bill.

I welcome the proposed addition to the Bill, raising the existing licensing limits in respect of private sector coal mines. Small private sector mines, in the South Wales coalfield in particular, are currently facing difficulties and the proposals should give some encouragement.

/ I am copying this letter to the Prime Minister, John Wakeham, Nigel Lawson, David Young, Nicholas Ridley, Malcolm Rifkind, other members of QL Committee and to Sir Robin Butler.

Large handwritten signature: Cecil Parkinson

The Rt Hon Cecil Parkinson MP
Secretary of State for Energy
Thames House South
Millbank
LONDON SW1P 4QJ

PARKIAEONT: *Lysitatus* Programme P178





Cecil

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LONDON SW1P 3EB
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My ref:

Your ref:

The Rt Hon Cecil Parkinson MP
Department of Energy
Thames House South
Millbank
LONDON
SW1

W.B.P.

13 July 1989

PRG
13/7

Dear Secretary of State,

Thank you for sending me a copy of your letter of 16 June to John Wakeham about your proposed Coal Bill.

I share your view that legislation to implement the Government's 1987 White Paper response to the Waddilove Committee should be introduced in the present Parliament. I know there is some anxiety in coal mining areas that the changes have not yet been made. The necessary improvements to the coal mining subsidence compensation system will be an important step towards striking the right balance between underground and surface interests.

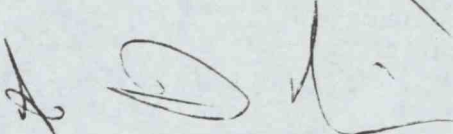
I am very content with your proposals to ease the licensing limits on private sector coal mining: the necessary environmental safeguards are already in place in the land use planning system.

I note that the core of the Bill comprises further financial support for British Coal. Officials from our Departments are currently meeting British Coal to examine progress on minimising the environmental impact of local extraction, spoil disposal and coalfield dereliction and to make recommendations for future action. I understand that they hope to report to us before the end of the year. Nevertheless, I think it is already clear that there are a number of issues which we will need to address - the British Coal's unrestricted rights to carry out underground development at pre-1948 mines and the question of where responsibility for the costs of restoring closed collieries should lie. Currently British Coal have few obligations to restore their sites and the cost of reclamation falls substantially on the derelict land grant programme.

Without wishing to pre-empt the outcome of our officials' work, I think it is worthwhile putting up a marker now that we may wish to tighten up British Coal's environmental responsibilities. This could involve additional costs for the industry, but would be in line with the polluter pays principle.

PARLIAMENT: Legislation PT18.

I am copying this to the Prime Minister, Nigel Lawson, David Young, Peter Walker, Malcolm Rifkind, other members of QL Committee and to Sir Robin Butler.

Yours sincerely


PP NICHOLAS RIDLEY

688/1 (Approved by the Secretary of State
and signed in his absence)

103 JUL 1993



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EDINBURGH EH1 3DG

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Lord President of the Council and
Leader of the House of Commons
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68 Whitehall
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BBB
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11 July 1989

Dear John,

COAL BILL

Cecil Parkinson copied to me his letter of 16 June about the Coal Bill.

I fully support the proposal to include provision in the Bill to raise the licensing limits on private mines. Taken with the recent codification of licensing practice it will provide a small but welcome measure of liberalisation in advance of coal privatisation.

I am copying this letter to the Prime Minister, Cecil Parkinson, David Young, Nicholas Ridley, Peter Walker, other members of L Committee and to Sir Robin Butler.

Yours ever,
Malcolm Rifkind

MALCOLM RIFKIND