

Nationalised Industries

PRIME MINISTER

ms

Coal Statement

Mr. Howell's Statement passed off relatively quietly.

Merlyn Rees described the decisions as a victory for common-sense over Treasury strict constructionism. He emphasised the benefits which would flow to the private sector, given the pattern of NCB expenditure. The new money would allow further progress on the plan for coal, but the amount was not sufficient for anything more than a first step. He also sought clarification on some of the figures. He concluded by asking what was happening on the Vale of Belvoir.

The follow-up was predictable. Dennis Skinner saw the announcement as a cosmetic change which could do little to resolve the industry's problems. John Morris and George Foulkes enquired about progress on pet projects in their area. Ioan Evans stressed the economic value of our coal reserves. For the Liberals Alan Beith wanted to see increased NCB investment matched by increased CEGB investment in solid fuel power stations, in preference to green field nuclear sites. On the Government side, the initial speakers - Patrick McNair-Wilson, John Hannam, Nigel Forman - were not unhelpful but expressed some scepticism about the prospects of increased coal sales and the abandonment of the accelerated run-down programme. Trevor Skeet was more aggressive, complaining that there was one economic system for coal-mines and another for the rest of the country. The exchanges concluded with a string of Government Backbenchers more openly critical of the decisions, including John Townend who saw it as one more example of the increased subsidies to nationalised industries which would make it impossible to ever get the PSBR under control, and John Ward who told Mr. Howell that private industry did not share his faith in the ability of the NCB to control its finances.

MP

16 June 1981

Seen by PM

MR 16/12

ORAL STATEMENT - 16 JUNE 1981

NCB FINANCES

With permission, Mr Speaker. I should like to make a statement about the National Coal Board's finances. As I have previously undertaken, I wish to keep the House fully informed of what is happening in the coal industry."

The Board's requirement for external finance in the financial year 1980-81 was £884 million, £52 million more than the limit of £832 million announced in response to my hon friend the Member for Nelson and Colne (Mr John Lee) on 12 December.

The Board's announced external financing limit for 1981-82 of £886 million will be raised to £1117 million. The funds will be found from the Contingency Reserve within the planned totals of public expenditure.

I shall be bringing forward legislation in future to increase the existing statutory limit on the Board's borrowing and to allow continuing grant support for their operations and revenues. Meanwhile, I shall continue to make advances to the Board out of the National Loans Fund.

Subject to the approval of Parliament, I propose, to increase the amount of grants made available to the Board in this financial year within the revised EFL. I will bring before Parliament shortly an order under the Coal Industry Act 1980 to increase the limit under section 4 of that Act of grants payable to the Board from £525 million to £590 million. Subject to Parliamentary approval of the necessary supplementary estimate, the cash limit of Class IV, Vote 5 will be increased by £70 million. I will also bring before Parliament, under the same Act, an order to increase the Board's borrowing limit from £3400 million to £4200 million.

When I saw the Board and mining unions this morning in a tripartite discussion, I reviewed progress over the past four months and outlined my intentions. It was agreed that this would provide a satisfactory basis for further progress.