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SECRETARY OF STATE FOR ENERGY
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27 September 1984

referred

Andrew Turnbull Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1

Dear Andrew

We spoke yesterday about follow up work from Tuesday's MISC 101. I attach the Hansard record of Mr Walker's remarks on 7 June which explained how two pits with workable reserves had been closed in Mr Benn's period as Secretary of State for Energy. Also enclosed are detailed notes about these two closures, which were Langwith colliery in North Derbyshire and Craig Merthyr colliery in South Wales.

Coal Division here have tried to investigate, with the Department of Employment and Department of Trade and Industry regional offices, whether pit closures during the Benn era led to any significant local rises in unemployment. They identified two closures - Dalquarran in Ayrshire and Metal Bridge in County Durham - where it was known that a sizeable number of people had accepted voluntary redundancy. Notes on these two closures are attached. Around 20,000 men accepted the redundancy terms in the four years 1975/76 - 1978/79, about the same number as in the single year 1983/84. Virtually all of these were over 55, for whom the terms were already moderately generous. The NCB have told us that where a pit was closed, the normal pattern was for most men at that pit to be transferred, and for some men to be offered redundancy at a number of surrounding pits, so that the unemployment effect would be dissipated. Given these examples and facts the officials so far consulted have concluded that further research in this area would be fruitless, but we do of course stand ready if you wish.

I am copying this letter to Peter Smith at the Department of Employment, in case he is able to throw any more light on regional unemployment trends during this period.

Yours
John

J S NEILSON
Private Secretary

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[Mr. Orme]

prevent the influx of coal from outside the United Kingdom, and plan conversion to coal-fired power stations instead of retaining expensive oil-burn capacity. That would be a long-term saving, which would benefit the coal industry and energy consumers. They should plan and construct new coal-fired stations instead of wanting the pressurised water reactor at Sizewell. They should be wholeheartedly committed to expenditure on new uses for coal, such as gasification and liquefaction. They should proceed rapidly with a programme for combined heat and power. They should introduce a massive extension of the boiler conversion scheme for industry.

Those are part and parcel of achieving wider markets for coal and a secure future for the industry. Investment in the nation's most important natural resource is not a waste of taxpayers' money either today or in the future. The expansion of the coal mining industry can only reap benefits for the entire country and ensure a future for the miners, the industry and for our ability to provide an energy source for the people of Britain for many generations to come.

In February 1981 the Prime Minister told us that it was important to secure a bright future for the coal industry and that the Government would honour "Plan for Coal". What does she say today? The Government have presented the industry not with a vision of growth, development and expansion, but with one of contraction and closure. We call on the Government today to accept their responsibilities as a party to "Plan for Coal", and to move towards a settlement of the dispute along the lines stated in our motion, beginning with the withdrawal of the closure programme. We call on the Government to stop their secret manipulations to score a political victory over the miners and to start acting in the interests of the nation. Britain needs ever tonne of coal and every miner to dig that coal. That is what this debate is about.

Mr. Speaker: I have selected the amendment in the name of the Prime Minister.

4.31 pm

The Secretary of State for Energy (Mr. Peter Walker): I beg to move, to leave out from "House" to the end of the Question and to add instead thereof:

'confirms that the future of the coal industry will depend on the industry's success in deploying its assets so as to keep coal competitive with other fuels; welcomes the action of the Government in providing more capital investment for the industry than any previous Government in order to achieve a successful future for the industry, noting that their investment of over £3.9 billion has not only far exceeded investment in the industry by the last Labour Government, but has substantially exceeded the scale of investment envisaged in the "Plan for Coal"; welcomes the steps taken by the National Coal Board and the Government to ensure that, in areas where a reduction in uneconomic capacity is being considered, miners affected will be treated more generously and with greater understanding than in the past, to the benefit of mining communities; notes that the early retirement and voluntary redundancy provisions are more generous than those of any other industry, and have helped create a situation in which the National Coal Board can assure any miner now employed that he will be able to continue working as a miner if he desires to do so; welcomes also the action of the National Coal Board to assist mining communities by creating a new enterprise company; and calls upon all those in the industry to co-operate to achieve the higher productivity essential to keep coal competitive and secure the future prosperity of the industry and its employees.'

The speech of the right hon. Member for Salford, East (Mr. Orme) was remarkable for its total departure from a true analysis of the position. He said that it was important for the Government to stick to "Plan for Coal". If one decided to adhere to "Plan for Coal" and tried to bring into the coal industry what was envisaged by that document, as updated by the right hon. Member for Chesterfield (Mr. Benn) and by the previous Member of Parliament for Chesterfield, the only thing one could do would be to slash the investment programme and to close many more pits.

The Government have substantially exceeded the proposals on investment in "Plan for Coal". That was deplored by the right hon. Gentleman because the investment was in new pits, collieries and coal faces. During the past 20 years the work force in the industry has been reduced by 290,000—190,000 of those under 10 years of Labour Government and 100,000 under 10 years of Conservative Government. Labour Governments have a remarkable record of closing pits. Is the right hon. Gentleman seriously saying that they learnt their lesson from the 1960s and that when they came to office in 1974 and prepared "Plan for Coal" they decided that in future they would close only those pits that were completely exhausted.

Mr. Orme: Or unworkable.

Mr. Walker: That is the new definition, but it was not the definition used by the then right hon. Member for Chesterfield in the last year of the Labour Government when nine pits were closed, including one pit with two to three years' reserves of coal in it and another pit with 1.5 million tonnes of coal in it.

The first "Plan for Coal" states:

"However, like most extractive industries, the NCB 'has to run fast to stay still'. Over the period up to 1985 it appears that a broad average of some 3-4 million tons capacity a year is likely to be lost, mainly through exhaustion of mines and possibly also through exceptional mining difficulties".

Is the right hon. Gentleman seriously suggesting that the NUM, the NCB and the then Department of Energy, under a Labour Secretary of State, calculated that 4 million tonnes of coal production would become completely exhausted during that period? Of course he is not. Unless all the Ministers at the Department of Energy, the NCB and the NUM were completely ignorant about the mining industry, they could not have meant the word "exhausted" to mean exhausted of all coal. They meant pits that were exhausted from the point of view of economic coal production.

If one wants evidence of that, the same document stated later:

"But inevitably some pits will have to close as their useful economic reserves of coal are depleted."

Perhaps we should examine the Labour Government's final Green Paper on energy policy, prepared by the then right hon. Member for Chesterfield, in which the Labour Government refused to put a target on coal production. There was no target for coal production in any of the documents produced at the time. They put in its place this conclusion in the Green Paper:

"The coal industry has in its own hands the opportunity to shape its long-term future. It has the reserves and the technology to make a major contribution to meeting our long-term energy needs. How much reliance we shall be able to place on coal in future will depend on the industry's success in deploying those assets so as to keep coal competitive with other fuels."

LANGWITH COLLIERY, NORTH DERBYSHIRE AREA

From 1973/74 to 1977/78, Langwith produced between 370,000 tonnes and 500,000 tonnes a year, which went to the power station market. About 1,000 men were employed at the colliery in 1973, but this had reduced to about 600 a year before closure.

Productivity was generally between 2.5 and 3.2 tonnes per manshift and the pit produced profits in its last few years of working, reaching to £2 per tonne in 1976/77 and £6 per tonne in 1977/78.

A special national meeting was held in May 1975 to hear an appeal by the NUM against the Board's decision not to develop on the eastern side of the colliery, because of the thin seam section, poor conditions for mining, high development costs and the likely financial operating losses. NUM efforts to get the Board to reverse their decision included approaches to Mr. Benn, the then Secretary of State for Energy. However, the Area Director finally announced on 10th April 1978 that in agreement with the local Union's the colliery would close. Coal winding ceased on 4th August 1978. The reserves left in the ground at closure amounted to about 1.5m. tonnes in the Main Bright and Clowne Seams.

There were 535 men on books at closure of whom 113 (21%) were made redundant. Men made redundant were aged 55 and over. Over 100 men were transferred to each of Warsop (2 miles from Langwith) and Shirebrook (2½ miles). The social effect on Langwith Village was accordingly negligible.

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GRAIG MERTHYR COLLIERY, SOUTH WALES AREA

Graig Merthyr produced about 150,000 tonnes a year of power station coal. Manpower was between 450 and 500, overall productivity about 1.5 tonnes a manshift and losses were between £2 and £5 per tonne.

Meetings were held with the Union locally which led to an announcement by the Area Director on 8th February 1978 that agreement had been reached on the closure of the colliery because of the approaching exhaustion of workable reserves. Closure took place on 23rd June, 1978.

At the time of closure there were sufficient reserves for the pit to continue to operate for a further 3 or 4 years. However, the reserves were in the thin Swansea Three Feet Seam. In addition, some additional reserves were found at Cwmgwili, allowing the timing of the respective closures to be reversed, with Graig Merthyr men being made available to man up the new Betws Colliery.

At the time of closure, 64 (25%) of the 251 men on books were made redundant, and almost all the rest were transferred to either Betws or Brynlliw/Morlais. The men made redundant were aged 55 and over.

Graig Merthyr Colliery was situated in a remote area in the Loughor Valley, and the men had to travel either up or down the valley to work. The receiving pits were each about 5 miles away from Graig Merthyr, Brynlliw/Morlais at the bottom of the valley near Pontardulais, and Betws at the top near Ammanford. As a result many men will have had shorter journeys to work following the closure.

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(A) DALQUARRAN (Ayshire)

Pit Closed: April 1977

Employment Exchange Area (Special Development Area) Girvan

119 men employed at time of closure

109 (92%) made redundant

9 transferred to other pits (Scope for transfer limited due to fact that transfers from an earlier pit closure, Cairnhill in November 1976 had filled up available vacancies)

Most men lived in village of Daly, nearest town of alternative employment Girvan - few prospects.

<u>Unemployment:</u>	<u>Girvan Empl. Exch. Area</u>		<u>Scotland (average)</u>
April 1977	370	13.8%	9.2%
July	453	16.9%	10.1%
Sept	450	16.8%	9.7%

By December 1977 the numbers employed had fallen slightly to 431.

There were no other major specific industrial closures during this period.

(B) METAL BRIDGE (County Durham)

Pit Closed July 1978

Employment Exchange Area (Development Area) Central Durham

357 men employed at time of closure

120 (34%) made redundant

Main job transfers: 90 men to Easington colliery (12 miles distant)
53 men to East Hetton (4 miles) and 50 men to Blackhall (12 miles).

No single pit village - so effects of redundancy spread. However prospects for finding alternative employment hit by closures in summer of 1978 of:-

Courtaulds 1600 jobs lost;
Advance Textiles 400 jobs lost;
Cheerex Plastics 98 jobs lost;

Unemployment position ^{was} alleviated by opening of Carre~~v~~as Roth~~m~~ Factory - 700 new jobs 1978-80.

cont.

<u>Unemployment:</u>	<u>Central Durham Empl. Exch. Area</u>		<u>England (average)</u>
May 1978	4374	6.6%	5.7%
June	4818		
July	5501		
August	5601	8.5%	6.6%

By December 1978 the unemployment rate in Central Durham had fallen to 7.1% probably as a result, in part, of the Carrevas Rothman opening.