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MR TURNBULL   15 May 1985

COAL

In 1982/3 Norman Sidall pushed up NCB's net rate of manpower reduction to some 22,000. This was sustained in 1983/4 with a further net reduction of 21,000. Contrary to some impressions, the rate of rundown slackened during the coal dispute, 1984/5, to 9,700. To be fair, a lot of voluntary redundancies arising from the strike are still in the pipeline. Some 7,000 are on notice to take voluntary redundancy. More industrial relations staff have been drafted in to process a surge of further enquiries. But not all can sensibly be released without either creating the need for recruitment or expensive transfers from other regions.

I understand from the Department of Energy that in the immediate aftermath of the coal dispute, the Board seemed to be intent on encouraging a massive and widespread shake-out through further voluntary redundancies. A net rundown of the order of 40,000 in 1985/6 was talked of. Presumably, this was seen as a necessary precursor to the restructuring of the industry around a core of economic pits. It implied the need for some relocation of miners and some retraining.

Subsequently, a more steady-as-she-goes attitude appears to have prevailed within the Board. Now the net rundown in 1985/6 is foreseen as 18,000-20,000 - no more than the rate established before the strike. In this connection, I should add that the Department of Energy have just received the elements of a plan for 1985/6 and an outline for 1986/7. For the first time the figures appear to have some credibility and authority. I am told that the arguably-modest manpower reduction for 1985/6 is accompanied by some surprisingly optimistic financial forecasts.

This is where we should become very wary of presentational sleight of hand. The supply and demand forecasts will need to be checked carefully. (We understand from John Baker, full-time Board Member of the CEGB, that so far the Coal Board have not been interested in discussing the longer-term outlook for coal sales to the CEGB.) Even if coal produced is not sold, NCB customarily credit it to revenue. We could easily end up with some favourable-looking projections of NCB's accounts, but with the cash requirement from the Government largely undiminished.

We should not forget that the costs of closing pits are normally such that there is no positive impact on cashflow until year 3. This means that if the NCB is genuinely to get close to break-even by 1987/8 it will have to resume the pit closure programme with more vigour than is implied by the 18,000-20,000 rundown now apparently targeted.

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