



Coal Industry Act 1973

1973 CHAPTER 8

An Act to provide for the capital reconstruction of the National Coal Board; to make provision with respect to borrowing by the Board or its subsidiaries, and with respect to their powers to give guarantees in connection with loans; to confer on the Secretary of State new or extended powers to make grants or other payments to the Board or to other producers of coking coal, or to or in respect of workers in the coal industry made redundant; to authorise the appointment of additional members of the Board; and for purposes connected with those matters. [22nd March 1973]

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Capital reconstruction of National Coal Board

- (1) All outstanding liabilities of the National Coal Board (in this Act referred to as “the Board”) to the Secretary of State in respect of the principal of or interest on sums borrowed from him by the Board before the end of the current financial year (including any sums deemed to have been so borrowed by virtue of section 2(1) of the Act of 1965) shall be extinguished at the end of the current financial year.
- (2) In the accounts of the Board for the current financial year the total net book value of the Board's fixed assets, as shown in their accounts for the financial year of the Board ending in March 1972, and after making due allowance for depreciation, acquisitions, disposals and other matters occurring during the current financial year, shall be reduced by £275 million (being an amount calculated by reference to the overvaluation of certain of those assets).
- (3) The accumulated deficit of the Board on their revenue account at the end of the current financial year, as reported by the auditors of the Board, shall be deemed to be extinguished at the end of the current financial year.

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- (4) The Board shall be deemed to have borrowed from the Secretary of State at the end of the current financial year a sum equal to the amount of the liabilities referred to in subsection (1) of this section, less the aggregate of the following amounts, that is to say—
- (a) the amount of £275 million referred to in subsection (2) of this section, and
 - (b) the amount of the accumulated deficit referred to in subsection (3) of this section ;
- and the assets of the National Loans Fund shall accordingly be reduced by an amount corresponding to the aggregate of those amounts.
- (5) The sum deemed to have been borrowed by the Board as mentioned in subsection (4) of this section shall be deemed to have been borrowed under subsection (2) of section 1 of the Act of 1965 (which relates to borrowing otherwise than by way of temporary loan) and shall be deemed to have been lent to the Board at the end of the current financial year by the Secretary of State under subsection (6) of that section.
- (6) It shall not be necessary for the Treasury, in approving for the purposes of section 28(1) of the Act of 1946 the rate of interest on the sum deemed by virtue of subsection (5) of this section to have been lent to the Board, to approve that rate in accordance with subsection (2) of section 5 of the National Loans Act 1968 (criteria for fixing or approving rates of interest), and accordingly that subsection shall not apply to the approval of the rate of interest on that sum.
- (7) In this section “the current financial year ” means the financial year of the Board ending with 31st March 1973.

2 Borrowing powers of the Board and its subsidiaries and powers to guarantee loans

- (1) The following provisions shall be substituted for subsections (3) and (4) of section 1 of the Act of 1965 (borrowing powers of the Board) in relation to any time on or after 1st April 1973, that is to say—
- “(3) Without prejudice to subsection (4) of this section, the aggregate amount outstanding in respect of the principal of—
- (a) sums borrowed by the Board otherwise than from any of their wholly owned subsidiaries (including the sum which under section 1(4) of the Coal Industry Act 1973 is deemed to have been so borrowed), and
 - (b) sums borrowed by any wholly owned subsidiary of the Board otherwise than from the Board or from another such subsidiary,
- shall not exceed £550 million or such greater sum, not exceeding £700 million, as the Secretary of State may specify by order made by statutory instrument.
- (4) The aggregate of the amounts outstanding in respect of sums borrowed temporarily by the Board under subsection (1) and subsection (2A) of this section—
- (a) shall not at any time exceed such limit as the Secretary of State may from time to time direct, and
 - (b) at the end of any financial year of the Board shall not be such as to permit any accumulated deficit on the Board's revenue account to exceed £50 million or such lesser or greater sum, but not exceeding

£100 million, as the Secretary of State with the approval of the Treasury may specify by order made by statutory instrument.”

- (2) In accordance with any general authority given by the Secretary of State with the approval of the Treasury, the Board may under subsection (1) or subsection (2A) of section 1 of the Act of 1965 borrow temporarily from any person other than the Secretary of State any sum which they have power to borrow under either of those subsections with the consent of the Secretary of State.
- (3) With the consent of the Secretary of State and the approval of the Treasury the Board may borrow (otherwise than by way of temporary loan) from the Commission of the European Communities or from the European Investment Bank (established by Article 129 of the E.E.C. Treaty) any sum in sterling which the Board have power to borrow from the Secretary of State under section 1(2) of the Act of 1965.
- (4) It is hereby declared for the avoidance of doubt that references in section 1 of the Act of 1965 to borrowing by the Board do not include borrowing by subsidiaries of the Board.
- (5) The Board shall not make any loan to any of their subsidiaries except with the consent of the Secretary of State and the approval of the Treasury or in accordance with any general authority given by the Secretary of State with the approval of the Treasury.
- (6) The Board shall not exercise their power to guarantee the repayment by any person of money lent to him, or the payment of interest on money lent to any person, unless the Secretary of State gives his consent or it is exercised in accordance with a general authority given by the Secretary of State.
- (7) It shall be the duty of the Board to exercise their control over their wholly owned subsidiaries so as to secure that no such subsidiary guarantees the repayment by any person of money lent to him, or the payment of interest on money lent to any person, except with the consent of the Secretary of State or in accordance with a general authority given by him.
- (8) The Coal Industry (Borrowing Powers) Order 1972 (which increased to £950 million the limit imposed by subsection (3) of section 1 of the Act of 1965) and the Coal Industry (Accumulated Deficit) Order 1972 (which increased to £100 million the limit on the accumulated deficit of the Board) are hereby revoked as from the end of March 1973.

3 Extension of power to make grants to Board in connection with pit closures

- (1) The financial years of the Board in respect of which grants may be made by the Secretary of State to the Board under section 1 of the Act of 1971 shall include the financial years ending in March 1975 and in March 1976 respectively.
- (2) Grants made under that section in respect of any financial year of the Board shall not in the aggregate exceed one-half of the relevant expenditure of the Board for that financial year; and, in the case of the financial year ending in March 1974, that limit shall have effect in substitution for the limit (namely, one-third of the relevant expenditure) specified in section 1(3)(c) of the Act of 1971.
- (3) The limit of £24 million imposed by subsection (3) of section 1 of the Act of 1971 on the aggregate amount of the grants under that section shall have effect as a limit on the aggregate amount of the grants made under that section in respect of expenditure

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for the period consisting of the financial years of the Board ending in March 1972 and in March 1973 respectively.

- (4) The grants made under that section in respect of expenditure for the period consisting of the financial years 1974-1976 shall not in the aggregate exceed £60 million.
- (5) The Secretary of State may by order direct that the financial years of the Board in respect of which grants may be made under that section shall also include the financial years ending in March 1977 and in March 1978 respectively; and, if such an order is made, the grants so made in respect of expenditure for the period consisting of the financial years 1974-1976 and those two further financial years shall not in the aggregate exceed £100 million.
- (6) In this section "relevant expenditure" has the meaning assigned to it by section 3(3)(b) of the Act of 1965, and any reference to expenditure for any financial year of the Board shall be construed as mentioned in section 1(4) of the Act of 1971.

4 Extension of power to make redundancy payment schemes

In section 3 of the Act of 1967 (which as amended by the Act of 1971 enables the Secretary of State to make schemes providing for payments to persons becoming redundant before 31st March 1974) there shall be made the following amendments:—

- (a) in subsection (1), after the words "making of payments to" there shall be inserted the words "or in respect of" and for the words "31st March 1974" there shall be substituted the words "28th March 1976 or, if the Secretary of State by order so directs, 26th March 1978";
- (b) after subsection (1) there shall be inserted the following subsections—

“(1A) The payments to be made under a scheme under this section shall be either—

- (a) payments by the Secretary of State to persons to whom the scheme applies in accordance with subsection (1) of this section, or
- (b) payments by the Secretary of State to the Board in respect of the carrying out by the Board of arrangements relating to concessionary coal.

(1B) If such an order as is mentioned in subsection (1) of this section is made by the Secretary of State, the aggregate amount of the payments made by him under this section during the period consisting of the financial years 1974-1976 and of the financial years of the Board ending in March 1977 and in March 1978 respectively shall not exceed £100 million; and, if no such order is made, the aggregate amount of the payments so made during the financial years 1974-1976 shall not exceed £60 million.”;

- (c) after subsection (4) there shall be inserted the following subsection—

“(4A) The power to make such an order as is mentioned in subsection (1) of this section shall be exercisable by statutory instrument, but shall not be exercisable unless a draft of the order has been laid before the Commons House of Parliament and approved by a resolution of that House.”;

- (d) in subsection (5), at the end, there shall be added the words "' concessionary coal' means coal supplied free of charge or at reduced prices and ' the financial

years 1974-1976' means the financial years of the Board ending in March 1974, March 1975 and March 1976 respectively ".

5 Reimbursement of Board's contributions towards increased pensions

- (1) Subject to the following provisions of this section, the Secretary of State may, out of moneys provided by Parliament, make payments to the Board reimbursing to the Board the whole or part of the amount of the Board's contributions towards benefits payable under the mineworkers' pension scheme, in so far as those contributions—
 - (a) are attributable to any approved increase in those benefits, and
 - (b) are contributions towards benefits payable in respect of any part of the period beginning on 1st April 1973 and ending with the financial year of the Board which comes to an end in March 1976 or, if the Secretary of State by order so directs, ending with the financial year of the Board which comes to an end in March 1978.
- (2) The aggregate amount of the payments made by the Secretary of State under this section—
 - (a) if an order is made under subsection (1)(b) of this section, shall not exceed £40 million, or
 - (b) if no such order is made, shall not exceed £25 million.
- (3) For the purpose of exercising his powers under subsection (1) of this section, the Secretary of State shall consult the Board before determining whether to reimburse to the Board the whole of the amount referred to in that subsection or to reimburse to the Board part and, if so, what part of that amount; and no such determination shall be made except with the approval of the Treasury.
- (4) For the purposes of this section the amount of the Board's contributions towards benefits payable under the mineworkers' pension scheme shall be taken to be such amount as is certified in that behalf by the auditors of the Board; and the proportion of that amount which is attributable to an approved increase in those benefits shall for those purposes be taken to be such proportion as is certified by those auditors to be so attributable.
- (5) So much of the contributions made by the Board as is reimbursed under this section shall not be treated as relevant expenditure for the purposes of section 3 of the Act of 1965.
- (6) In this section—
 - (a) " the mineworkers' pension scheme " means any scheme established under that name by the Board in pursuance of regulations made under section 37 of the Act of 1946, in the form in which any such scheme (whether as originally established or as subsequently amended) is for the time being in force ; and
 - (b) any reference to an approved increase in the benefits payable under the mineworkers' pension scheme is a reference to any amount by which, in consequence of any amendment made with the approval of the Secretary of State before, on or after 1st April 1973 and coming into force on or after that date, the amount of the benefits of any description so payable is greater than it would have been in accordance with the mineworkers' pension scheme as in force immediately before that date.

6 Payments for promoting sale of coal to Electricity Boards

- (1) For the purpose of promoting the sale of coal by the National Coal Board to the Central Electricity Generating Board or the South of Scotland Electricity Board during the period consisting of the financial years 1974-1976, the Secretary of State with the approval of the Treasury may out of moneys provided by Parliament make payments to the National Coal Board.
- (2) The aggregate amount of the payments made by the Secretary of State under this section shall not exceed £50 million or such greater sum, not exceeding £100 million, as the Secretary of State may by order specify.
- (3) Payments made by the Secretary of State under this section may be made subject to such conditions as the Secretary of State with the approval of the Treasury may determine.

7 Grants in connection with stocks of coal or coke

- (1) Subject to the following provisions of this section, the Secretary of State with the approval of the Treasury may, out of moneys provided by Parliament, make grants to the Board towards any cost incurred by the Board in any of the financial years 1974-1976 in building up and maintaining stocks of coal or coke.
- (2) For the purposes of this section no account shall be taken—
 - (a) of any stocks of coal or coke for the time being owned by the Board except in so far as they exceed such quantity as the Secretary of State may determine, or
 - (b) of any stocks of coal or coke for the time being owned by the Board in excess of 30 million tonnes.
- (3) The Secretary of State may by order direct that subsection (1) of this section shall have effect as if, after the words “financial years 1974-1976”, there were inserted the words “or of the financial years of the Board ending in March 1977 and in March 1978 respectively”.
- (4) The aggregate amount of the grants made by the Secretary of State under this section—
 - (a) if an order is made under subsection (3) of this section, shall not exceed £70 million, or
 - (b) if no such order is made, shall not exceed £40 million.
- (5) Grants under this section may be made subject to such conditions as the Secretary of State with the approval of the Treasury may determine.

8 Grants in respect of coking coal

- (1) For the purpose of contributing towards measures for securing supplies of coke for use in blast furnaces by the iron and steel industry in the United Kingdom and in other countries comprised in the European Coal and Steel Community, the Secretary of State with the approval of the Treasury may, out of moneys provided by Parliament, make grants to the Board or to any other person to whom this section applies.
- (2) This section applies to any person carrying on in Great Britain a business which consists of or includes the production of coking coal.
- (3) Grants made by the Secretary of State under this section shall be made in respect of coking coal supplied for use in the manufacture of coke, where the coke is to be

manufactured for such use as is mentioned in subsection (1) of this section; and any such grants may be made subject to such conditions as the Secretary of State with the approval of the Treasury may determine.

- (4) The power to make grants under this section shall be exercisable at any time during the financial years 1974-1976 or, if the Secretary of State by order so directs, shall be exercisable during those financial years and during the financial years of the Board ending in March 1977 and in March 1978 respectively.
- (5) The aggregate amount of the grants made by the Secretary of State under this section—
 - (a) if an order is made under subsection (4) of this section, shall not exceed £75 million, or
 - (b) if no such order is made, shall not exceed £45 million.

9 Regional grants

- (1) For the purpose of assisting the Board in moderating contraction of the coal mining industry in Great Britain, the Secretary of State, having regard to the fact that the industry is heavily concentrated in assisted areas, may with the approval of the Treasury make, out of moneys provided by Parliament, grants to the Board during any of the financial years 1974-1976 of such amount as, subject to the next following subsection, he may consider requisite for that purpose.
- (2) The aggregate amount of the grants made by the Secretary of State under this section shall not exceed £210 million.
- (3) Grants under this section may be made subject to such conditions as the Secretary of State with the approval of the Treasury may determine.
- (4) In this section “the coal mining industry” means the aggregate of the activities falling within the heading numbered 101 (coal mining) in Order II in the Standard Industrial Classification as defined by section 6(2) of the Industry Act 1972, and “assisted area” means an assisted area as so defined.

10 Increase in membership of Board

The limit imposed by section 2(2) of the Act of 1946 on the number of members of the Board other than the chairman shall be raised from eleven to fourteen.

11 Administrative expenses

There shall be paid out of moneys provided by Parliament any increase attributable to this Act in the sums so payable in respect of administrative expenses of the Secretary of State.

12 Interpretation, and provisions as to orders

- (1) In this Act—
 - “the Act of 1946 ” means the Coal Industry Nationalisation Act 1946;
 - “the Act of 1965 ” means the Coal Industry Act 1965 ;
 - “the Act of 1967 ” means the Coal Industry Act 1967 ;
 - “the Act of 1971 ” means the Coal Industry Act 1971;
 - “the Board ” means the National Coal Board ;

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“the financial years 1974-1976 ” means the financial years of the Board ending in March 1974, March 1975 and March 1976 respectively;

“subsidiary ” shall be construed in accordance with section 154 of the Companies Act 1948, and “wholly owned subsidiary” shall be construed in accordance with subsection (4) of section 150 of that Act.

- (2) Except in so far as the context otherwise requires, any reference in this Act to an enactment shall be construed as a reference to that enactment as amended or extended by or under any other enactment.
- (3) Any power to make orders under this Act shall be exercisable by statutory instrument.
- (4) No power to make an order under this Act shall be exercisable unless a draft of the order has been laid before the Commons House of Parliament and approved by a resolution of that House.
- (5) Any power conferred by any provision of this Act to make an order shall include power to vary or revoke the order by a subsequent order made under that provision.

13 Amendments and repeals

- (1) The enactments specified in Schedule 1 to this Act shall have effect subject to the amendments set out in that Schedule (being amendments consequential upon the preceding provisions of this Act).
- (2) The enactments specified in Schedule 2 to this Act are hereby repealed to the extent specified in the third column of that Schedule.

14 Short title, citation, commencement and extent

- (1) This Act may be cited as the Coal Industry Act 1973.
- (2) The Coal Industry Acts 1946 to 1971 and this Act may be cited together as the Coal Industry Acts 1946 to 1973.
- (3) The following provisions of this Act, that is to say, section 2(1) and so much of Schedule 2 as repeals section 2(1) of the Act of 1965 or as relates to the Act of 1967 or the Act of 1971, shall come into operation on 1st April 1973.
- (4) This Act does not extend to Northern Ireland.

SCHEDULES

SCHEDULE 1

CONSEQUENTIAL AMENDMENTS

- 1 In section 2(2) of the Act of 1946, for the words “not less than eight nor more than eleven other members” (substituted by section 1(1) of the Coal Industry Act 1949) there shall be substituted the words “not less than eight nor more than fourteen other members”.
- 2 In section 27(4) of the Act of 1946, after the words “section 1 of the Coal Industry Act 1965” (substituted by the Act of 1971) there shall be added the words “or under section 2(3) of the Coal Industry Act 1973”.
- 3 In section 1 of the Act of 1965—
 - (a) in subsection (5), at the end, there shall be added the words “or with section 2(3) of the Coal Industry Act 1973”;
 - (b) after subsection (7) there shall be added the following subsection—

“(8) Any power conferred by a provision of this section to make an order shall include power to vary or revoke the order by a subsequent order made under that provision; but no such power shall be exercisable unless a draft of the order has been laid before the Commons House of Parliament and approved by a resolution of that House.”
- 4 In section 1 of the Act of 1971—
 - (a) in subsection (2), after the words “30th March 1974” there shall be inserted the words “or for such subsequent years as are provided for by or under subsection (1) or subsection (5) of section 3 of the Coal Industry Act 1973”;
 - (b) in subsection (3), for the words “shall not exceed in the aggregate £24 million” there shall be substituted the words “in respect of the two years ending with 31st March 1973 shall not exceed in the aggregate £24 million, and grants so made in respect of any subsequent years shall not exceed in the aggregate the limits imposed by subsections (4) and (5) of section 3 of the Coal Industry Act 1973”; and for paragraph (c) there shall be substituted the following—
 - “(c) in the case of the year 1973-74 and subsequent years, one half”.

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SCHEDULE 2

ENACTMENTS REPEALED

| Chapter | Short Title | Extent of Repeal |
|-----------------------------|-----------------------------|---|
| 1949 c. 53. | The Coal Industry Act 1949. | In section 1, subsection (1). |
| 1965 c. 82. | The Coal Industry Act 1965. | In section 2, subsections (1) and (2). |
| 1967 c. 91. | The Coal Industry Act 1967. | Section 1. |
| 1971 c. 16. | The Coal Industry Act 1971. | Section 3. In section 4, in subsection (1), paragraph (c). |