

Australian Mines and Metals Association Inc.
ACN 004 078 237

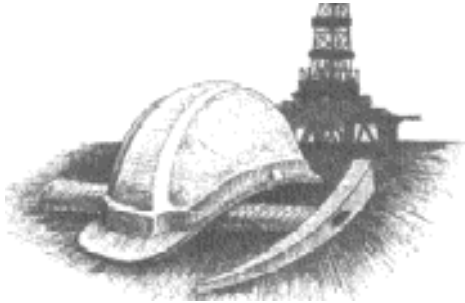


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Attachment 1

1. INTRODUCTION

Australian Mines and Metals Association (Inc) (AMMA) is a National Employers Organisation dedicated to serving the employee relations interests of its member companies.

Formed in 1918 AMMA continues to promote and protect its members interests in the metalliferous mining, hydrocarbons and related industries.

The black coal industry in Australia continues to be challenged by outdated work practices, high levels of industrial disputation, industry legislative prescriptions, and custom and practices which inhibit productivity and efficiency.

The metalliferous mining industry addressed many of these challenges over a decade ago with significant productivity improvements being achieved.

This submission briefly addresses some of these issues.

2. INDUSTRIAL DISPUTATION - THE FACTS SPEAK FOR THEMSELF

The black coal industry features prominently in ABS statistics as the industry with the highest recorded levels of industrial disputation. The following table depicts the appalling record of this industry when compared with other mining operations:

Table 1: WORKING DAYS LOST

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Period	1990	1991	1992	1993
'000	'000	'000	'000	'000
<u>Minina</u>				
Coal	150.5	129.6	76.8	78.6
Other	86.7	37.1	50.8	14.4
Period	1994	1995	1996	*1997
'000	'000	'000	'000	'000
<u>Mining</u>				
Coal	151.0	111.1	160.8	21.8
Other	18.3	78.1	4.4	0.9

* to May 1997

Source: ABS Industrial Disputes Australia 6321.0

In the short term a continuation of this unhealthy industrial disputation record appears inevitable.

Faced with an aggressive global market place the industry cannot escape pressures to improve capital utilisation and reduce operating expenditure.

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In the years ahead it is highly probable that substantive coal reforms will be implemented in a manner not dissimilar to reforms in the metalliferous mining sector i.e. some through major power struggles between employers, employees and unions, and others via voluntarily working together achieving beneficial outcomes. Under both scenarios the necessary workplace changes and improved productivity will occur. The major issue will be how this 'transition' process is managed.

3. BLACK COAL INDUSTRY - BARRIERS TO BE ADDRESSED

Barriers to improved productivity in the black coal industry have been well documented. Some examples include:

· **Demarcations**

Restrictions based on union membership, demarcations between and within production and maintenance operators, and the permanent debates over 'staff' vs 'wages' duties.

· **Engagement of casuals and part-time employees**

Most industries have provisions for such arrangements. The black coal industry is still 'negotiating' this issue.

· **Engaging contractors**

This is normal business operating practice in most industries. The much reported practice of company employees (union members) being required to 'shadow' contractors must be laughable to our international competitors.

· **Seniority**

Training, overtime, allocation of shifts based on seniority without regard to the business needs highlights the need for urgent reform.

· **Recruitment and Retrenchment**

These are linked together for reasons obvious to those familiar with the black coal industry.

Seeking union approval to recruit, then seeking union approval who to recruit, union insistence that retrenched employees be re-engaged having regard to seniority, etc. adds to the previously mentioned challenges confronting the industry.

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· **Absenteeism**

Under the Award there is no requirement to call in sick for 72 hours after the commencement of the first missed shift. This causes labour shortages and other challenges as supervisors have no knowledge of the nature or expected duration of the absence. When this is combined with 35 hour working weeks, an 'entitlement' to 15 days sick leave per year and 5 weeks annual leave, the available productive working time is significantly less than other industry benchmarks, ie. many metalliferous mining operations operate on a 40 hour week basis, 8-10 days sick leave per year and 4 weeks annual leave. An Award comparison is attachment 1.

4. **FUTURE RECRUITMENT AND REDUNDANCY PRACTICES**

The industry operates in a dynamic trading environment. To survive this environment, innovative work practice requirements based on best practice arrangements are essential.

The time is fast approaching when all within the industry will have no choice but to recruit the best available people, commensurate with business requirements, in order to compete in the global market place.

In respect to reducing workforce numbers to meet changing work circumstances, a different approach also needs to be adopted. While the current 'last on first off' approach is administratively convenient, the black coal industry will continue to face pressures to retain those employees best placed to ensure the future success of the business.

5. METALLIFEROUS MINING SECTOR: CONTINUOUSLY IMPROVING

The development and implementation of employee relations practices and processes which promote enterprise level relationships has been an integral part of improving the productivity and efficiency of this sector.

There are many notable examples where companies and their employees have moved from adversarial industrial relations environments, poor productivity, under-performing and difficult trading positions, etc. to that of continuous improvement, all staff employment, flexible work arrangements, improved remuneration and conditions and a more viable business.

An example of the above is detailed on page 14 of *Workplace Advantage*, a Department of Productivity and Labour Relations publication on the operation of Western Australia's Workplace Agreements system.

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This publication states:

'Some of the most stunning productivity gains through workplace agreements have been achieved by Pilbara mining giant Hamersley Iron.

Following the introduction of agreements with the majority of its employees at Tom Price, Paraburdoo, Marandoo, Channar and Brockman, productivity surged by 60 per cent (1992 to 1995).

The annual labour cost to Hamersley fell from \$186 million to \$166 million per annum and safety improved from 47 injuries per million hours in 1992 to seven per million in 1995. In addition, Hamersley's industrial disputes rate has been reduced to zero.

The company has also achieved its key objectives of price stability and security of iron ore supply to its customers.

In summary, the agreements gave employees a 10% pay rise, career paths, company superannuation and a health scheme, in return for a 40 hour working week with 12 hour shifts, no annual leave loading, no rostered days off and no overtime or penalty rates.

They also established a stronger commitment from individual employees to the company.'

Productivity and efficiency improvements at Robe River were also reported in the Business Review Weekly of 29 September 1997. This report draws parallels between Robe and the current challenges confronting the Australian coal industry. Should similar reformatations occur the report states:

'There will be job losses in the short term as union over-manning is brought to an end, but in the longer term there will be more mines, increased sales and higher profits. At some time in the next few months coal may be worth a serious look again for its investment potential'.

Given the significance of the Australian black coal industry to the Australian economy, together with experiences from previous industry reforms, the requirement to improve the competitive position of the industry should be placed above ideological battles. Seeking to preserve 'outdated conditions that our forebears fought for' is not keeping with modern business and management requirements.

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6. CONCLUSION

AMMA outlined its vision to members over 10 years ago. It remains relevant today and Dertinent to the Australian black coal industry.

The vision states:

The generation of national wealth and employment is essential for the enhancement of the living standards of all Australians. The distribution of this wealth should be related to the inputs of labour, capital, skills and risks involved in its creation.

These objectives are best achieved by competitive forces in a market oriented, deregulated, free enterprise economy and by governments encouraging self-regulation and development.

Fundamental to AMMA's principal activities is its conviction that the interests of employers and employees are mutually dependent.

Co-operative, productive, flexible and mutually rewarding working relationships between employers and employees at the enterprise level are essential if Australia is to improve its domestic and international competitiveness and enhance its living standards.

Developing and implementing employee relations practices and processes which promote enterprise level relationships is crucial to companies achieving and sustaining a competitive position in the market place. Significant reforms in the metalliferous mining industry reflect this fact.

It is AMMA's view that the black coal industry would benefit from adopting similar work practices to those enjoyed by the metalliferous mining sector in Australia.

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Attachment 1

**Coal Mining Industry
Production and
engineering - Interim
Consent Award ~**

**Gold Mining engineering &~
:Maintenance Award**

jurisdiction

Federal

State (WA)

Hours per week

35

40

Sick Leave

15 days p.a. (i.e. 105 hours p a)

1/6th of one week for each completed month of service i.e. 79.2 hours p.a. (less than ten days p.a.)

Annual Leave

5 weeks (day workers)
6 weeks (shift workers)

4 weeks (day workers)
5 weeks (shift workers)

Notification of absence

Within 72 hours of commencement of absence

Within 24 hours of commencement of absence or earlier if practicable

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COAL	METALLIFEROUS
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