

**A SUBMISSION  
TO THE INDUSTRY COMMISSION INQUIRY INTO  
THE BLACK COAL INDUSTRY**

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## **1. Introduction**

This submission seeks to raise some general issues relating to productivity and work arrangements in the black coal industry, focusing in particular on the question of whether the enterprise or the industry is the appropriate arena for their consideration. The thrust of current industrial relations is to focus firmly upon the enterprise. This naturally produces tension in an industry whose industrial relations has traditionally been conducted on an industry-wide basis. The discussion which follows suggests that an industry-wide basis for coal industry industrial relations can be defended, given the nature of the factors which contribute to productivity increase in the industry, and given the nature of affecting product market developments.

## **2. The current program for industrial relations**

A key plank of current industrial relations reform is to align bargaining between enterprises and their workforces at the enterprise level. The Business Council Report by F. Hilmer *et al.*, *Working Relations*, suggests that ‘... shared interests are more likely to blossom where employees bargain as one unit and with a workplace focus’ (p. 31). The enterprise bargaining principle, as embodied in new provisions in certified agreements, is seen to have four crucial requirements for change:

- adaptable work methods and patterns;
- common purpose;
- constructive difference resolution; and
- pay to be an incentive.

Under the aegis of the Workplace Relations Act (1996), a fundamental question arises as to the conditions under which a union may represent the workforce in negotiations with an employer. The coal industry tradition of being an ‘island industry’ with a specialist tribunal certainly no longer applies. But the momentum for workplace bargaining at industry level still exists, as of course does the industry-wide union. In the current Hunter Valley dispute, the coal company is seeking a direct agreement with its workforce, untrammelled by union involvement or by the apparatus of

arbitration. We see an initial confrontation, which could be resolved on the company's terms. But, given a continued lack of correspondence in views about the appropriate configuration for coal industry bargaining, this initial confrontation could be the precursor of prolonged disputation.

### **3. The coal industry and the market for coal**

When the coal market rose, the coal industry union and workforce were able to bargain for increased wages and at the same time employment grew. By the mid-1980s, however, the coal market started to weaken so that containment of costs gained a new priority as a company objective. In September 1988, the Coal Industry Tribunal handed down a restructuring decision, which provided for more flexible rostering and continuous working arrangements in the industry. The coal industry union argued that coal prices were being unnecessarily discounted to overseas buyers, notably the Japanese, because of a poorly coordinated company marketing strategy. The corollary to this argument was that the coal industry workforce was making productivity-improving workplace concession, whose benefits were being reaped by overseas buyers. The union argument did not carry the day in the 1988 case, but it has resurfaced since.

The Taylor Report on the coal industry (1994) provided no support for the union's product market argument. The union's argument has received support from M. Beeson in *The Australian Quarterly*, where a debate has ensued. No attempt is made to adjudicate on the matter here. Rather, the point is made that there is some contention about the nature of developments in the market for coal and that it is an argument whose implications operate at industry-wide level. Doubt is cast on the reasonableness of a company calling for a high level of cooperation at enterprise level, when the nature of the applicable constraint is debated at industry level. This point is given extra weight to the extent that coal companies pursue investments in overseas coal operations.

### **4. Productivity increase and work arrangements in the coal industry.**

Access to coal, which is clearly relevant to productivity, varies between mines. But whether the mining operation is underground or open cut, there are common industry-wide technological characteristics, with perhaps the defining characteristic being the ratio of capital to labour employed. The industry restructuring decision of 1988, which instituted more continuous working arrangements, was concerned to develop a pattern of more effective utilisation of installed capital. This remains a concern in subsequent workplace reform where, as well as continuity of work, the emphasis has been upon flexible deployment of skills in relation to tasks.

On matters to do with hiring and the application of seniority provisions, the coal companies may be entitled to make some headway with their call for an enterprise focus. But on issues of scheduling and deployment the case seems less clear. The nature of coal industry work is such that the workforce inevitably sees itself as having important interests in common. *Working Relations* suggests that a common purpose will emerge at the enterprise level alongside more adaptable work methods. Given industry-wide technological characteristics and an associated workforce perception of an industry-wide interest in work, unyielding focus by the coal companies on enterprise negotiations may serve only to unravel any sense of common purpose.

This argument is reinforced to the extent that there is disagreement about the nature of developments in the product market. It is also reinforced because occupational safety is an ever-present reality in coal industry work. If the workforce perceives programs of productivity improvement as leading to erosion of safety conditions, their commitment is likely to be correspondingly held back. Once again, the argument is put that the productivity-safety interface is industry-wide in character and needs to be negotiated accordingly. The union has a role in this, as does the arbitral authority. Company insistence on an enterprise focus, or more radically on individual contracts, is likely to be counter-productive.

## **5. Conclusion**

The arbitrariness of the enterprise focus if it is elevated to the status of an overriding principle is demonstrated by the fact that in some cases the enterprise is the industry. This is not so in the coal industry, where the industry emerges as a candidate for the relevant bargaining unit because of the pattern of workforce involvement. One of the key requirements of the enterprise bargaining principle is 'constructive difference resolution'. Company insistence upon the enterprise principle in the coal industry is more likely to engender division and resistance. And yet an industry basis for bargaining provides the possibility of pragmatic solutions. Negotiations between the companies and the union, leading to an arbitrated award, served the industry well in the 1988 restructuring decision and could do so again.

## **References**

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