

OFFICE of THE CHAIRMAN

Joint Coal Board

The Manager
Australian Black Coal Industry Inquiry
Locked Bag 2
Collins Street East Post Office
MELBOURNE VIC 8003

17 October,

Dear Sir/Madam

**JOINT COAL BOARD SUBMISSION TO THE INDUSTRY
COMMISSION INQUIRY INTO THE BLACK COAL INDUSTRY**

Enclosed is the Joint Coal Board's submission to the above Inquiry.

The Board would welcome the opportunity to expound upon the issues traversed in this submission

Yours faithfully

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Chairman

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**JOINT COAL BOARD SUBMISSION TO THE INDUSTRY COMMISSION
INTO THE BLACK COAL INDUSTRY**

The Industry Commission has been asked to identify ways of improving the international competitiveness of the Australian Black Coal Industry. The Joint Coal Board's (JCB) submission follows.

Implications for the Joint Coal Board

Deregulation and decentralisation are important issues that the Industry Commission appears to want to investigate to the extent that they are consistent with increased efficiency and competitiveness in the market.

Both of these have impact for the Board, particularly in the area of occupational health and workers' compensation insurance. The Industry Commission would be likely to view self-insurance for the industry and the performance of medical examinations and dust monitoring by providers other than the JCB Occupational Health Division as being both theoretically appropriate and in practice not difficult to recommend. The Board currently has a legislated monopoly in the workers' compensation insurance area, while the occupational health services are exposed to market competition.

Problems Associated with Deregulation

The practical, long term application of many of the philosophies of the free market have been found wanting in one critical aspect. They give benefits usually easily seen in current operating costs but unfortunately, unpredicted, usually negative side effects (externalities) also occur. Often the externalities develop in the long term at considerable overall cost and detract from the initial short term benefits.

For example, the Joint Coal Board currently performs all dust monitoring in the NSW industry. It may appear appropriate to allow competitive dust sampling for mines immediately in order to create a competitor for the Board and, therefore, guarantee services at the minimum cost. One of the obvious choices would be to allow pits to do their own monitoring. This would satisfy theoretical concepts of decentralisation and deregulation. Unfortunately, the externalities involved can be demonstrated with reference to recent events in America. There is considerable concern that US mines either directly and fraudulently perform their sampling or, alternatively, sample appropriately but only at optimal operating times and, therefore, the results reflect the best possible state of the mine's environment.

Overall, therefore, the dust monitoring is performed at the minimum cost according to the current budget but the long term cost is a lack of control of dust. The risk, therefore, is the development of coal workers' pneumoconiosis which will add a consequent substantial burden on the general health care system or the workers' compensation system many years later.

Is the Industry Ready for Deregulation?

One of the prerequisites to an industry being able to self-regulate is substantial evidence that they are mature enough to fulfil their moral responsibilities as well as, and in the face of, meeting their

financial responsibilities of generating wealth for their shareholders. In NSW there is some doubt that in the area of health in coal mines this maturity exists.

In the area of noise induced hearing loss there is no scientific or medical reason why noise induced hearing loss should continue at its current high prevalence rate. Unfortunately the poor management of hearing conservation programs, an obsession with production and a general lack of will on the part of the mining companies allow the problem to continue in general.

Musculoskeletal and other injury is still a major concern within the coal industry. There is no doubt that the 6-10 deaths per year are catastrophic events with dire consequences both to the industry, the mines and the families concerned. By far the major cost of injury in NSW coal mining relates to the massive number of lesser injuries which are not associated with massive trauma. These place a heavy burden on companies through compensation costs and later social costs when these people are less than optimally employable because of permanent incapacity. Unfortunately, the attitude of many mining companies is that the cost of injury, as big as it may be, is small compared to production costs and, therefore, production takes priority at all costs.

An example of this is the use of lighting in underground mines. There is empirical evidence and a strong logical argument which would indicate that some minimal form of lighting in reasonably frequented areas of underground mines would reduce lower limb and ankle injuries as well as general trips and falls, because people can both see where they are going and over time become more conscious of general housekeeping. Because of the costs of arranging the lighting and maintaining it, mines are most resistant to do this. The balance of dollars against safety falls in favour of minimal expenditure and a hope that the accidents will not happen.

The lack of maturity of the industry with respect to accident prevention has recently been brought to the fore in a report) in NSW concerning safety in mines and particularly the use of lost time injury statistics. Although there are claims and counter-claims, and probably the truth lies somewhere in between, there is no doubt that mine management has sought to manage the figures rather than the hazards that cause the injury statistics.

SUMMARY

The NSW coal industry has a centralised form of health monitoring and workers' compensation insurance. Although the development of competition would be consistent with micro-economic reform, it is argued that the industry is not yet sufficiently mature to ensure that long-term externalities would not develop because of the priorities of production and profit margins rather than moral obligations to workers' health.

That is not to say that some companies do not do an excellent job. However, without well organised and disciplined medical assessments to achieve a suitably fit workforce entering and continuing in the industry, proper regular monitoring for chest and other diseases and independent environmental monitoring of dust levels, the industry would likely see a long-term increase in these health problems.

1 The Johnston Report