

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

The issues discussed at the Industry Commission hearings in Sydney 17- 18 November 1997 included the role of a monopoly business and the separate and institutional nature of the coal industry. As these issues have relevance to the role and function of the Joint Coal Board, including Coal Mines Insurance P/L, we would like to canvas them briefly in this supplementary submission.

Monopoly and CMI

CMI holds a legislated monopoly for the provision of workers' compensation insurance for the NSW coal industry. The directors and management of CMI have been diligent in ensuring that monopoly pricing behaviour is not a consequence of the monopoly position.

The premium rates set by CMI compare well with those likely for coal enterprises under WorkCover in NSW (the alternative insurer, unless an enterprise self insures). Two reviews of CMI have been commissioned by the NSW Minerals Council over the past two and a half years.

The first review conducted by Mr John Smith, Workers' Compensation Adviser to the Australian Chamber of Manufacturers since 1988, was completed in August 1995. He concluded that the average premium rate charged by CMI was around 50% of the rate WorkCover would charge (i.e. CMI 5.8%, WorkCover 11.6%) - an extract from the report is at Attachment 1.

The second review was carried out by Coopers and Lybrand and was produced on 28 April 1997. This report concluded that claims costs under the management of WorkCover increased at more than four times the rate than those under the management of CMI for the four years ended 30 June 1995 - an extract from the report is at Attachment 2.

Both reports concluded that there would be no financial advantage in mines transferring their insurance cover from CMI to WorkCover or becoming self-insurers.

Despite charging rates which are approximately half the rate WorkCover would charge the scheme administered by CMI is fully funded - i.e. the premiums collected are sufficient to cover the cost of claims incurred.

Monopoly and JCB occupational health services

Though the impression often is that the occupational health services of the Joint Coal Board are compulsory there is, in fact, no monopoly for these services. With the pre-employment and periodic medical assessments and occupational rehabilitation services employers are able to obtain the necessary services from their choice of provider. The Joint Coal Board does have a legislative requirement to maintain the

necessary statistical information which relates to the health monitoring of miners in the coal industry and, as such, encourages mines to pass relevant statistical information back to the Joint Coal Board. In New South Wales there is not a legislative requirement for the centralised collection of such statistics, in contrast with the situation for Western Australia and Queensland.

With regard to the Joint Coal Board's occupational health and rehabilitation services Mr Brvan Kelman recommended in his review report in 1992 "- - that the Board continue these activities, with such support in terms of mining environment expertise as is appropriate to an efficient service." An extract from the report by Mr Kelman is Attachment 3.

With the dust monitoring service the mine owners are again free to perform the monitoring themselves, or via any contractor, in order to meet their requirements under the Coal Mines Regulation Act. The Joint Coal Board performs dust monitoring pursuant to its requirements, and provides mines management access to the results. There is a charge for this service to avoid any cross subsidisation.

The separate and institutional nature of the coal industry

The separateness of the coal industry from the mainstream was noted by some industry representatives at the Sydney hearings. Particular features of the coal industry such as an industry insurer, the JCB and all its functions, a particular training regime (presumably Order 34 in NSW. administered by the JCB) specific OH&S legislation and transportable long service leave were noted.

The JCB administers Order 34 which requires that coal mines have in place a training scheme that includes provision for training new employees and employees who are to be engaged on work of a nature different to their previous work. Minimum standards are specified.

Following a JCB review of opinions regarding the role of Order 34 a decision was taken to exempt coal mines able to demonstrate they provide training demonstrably superior to that required under Order 34. (A copy of the letter to mines dated 15 February 1996 is at Attachment 4). To date one mine has notified it would seek exemption.

Risk management role of the JCB

The role of the JCB may be summarised as contributing sound risk management services to the NSW coal industry, through the services of CMI, collection and publication of accident statistics. dust monitoring and occupational health and rehabilitation services. It does this in a business like manner, and with sound strategic and operational planning - copies of the JCB's Strategic Plan, Operational Plan and Annual Report 1996-97 are enclosed to support this comment (Attachment 5).