

499 BROOKFIELD ROAD
BROOKFIELD
QUEENSLAND 4069
AUSTRALIA

IEUAN ROBERTS CENG, RPEQ MIMINE, FAusIMM.

MINING CONSULTANT

SUBMISSION TO

INDUSTRY COMMISSION INTO

THE BLACK COAL INDUSTRY

INTRODUCTION

1 997.

I wish to submit for the Inquiry some observations relating to productivity, cost competitiveness and safety and health. These are based on my personal experience over a period of 58 years in black coal mining. I have been engaged in the Australian black coal industry for the past 35 years. Attached is a resume which provides some detail of my background and to which I would add -

I was foundation managing director of Curragh Queensland Mining Ltd 1981-86, to establish the Curragh Mine.

· I was a director of South Blackwater Mines Ltd 1988-90 when those mines were transformed into a profitable operation following many years of failure.

· I have been a director of Burton Coal Pty Ltd during the establishment of the Burton Mine.

I continue to conduct annual audits of mining practice at a group of coal mines.

Pane 1

OBSERVATIONS

1 MINING ENGINEERING AND EQUIPMENT

These are in general state-of-the-art. The industry compares favourably with other countries producing black coal. Major equipment for both underground and open cut mines is imported. Its application in an engineering sense is, in many cases, to a standard higher than that of countries in which the equipment has been developed and manufactured.

2 WORK SYSTEMS (HUMAN ASPECT)

These are not generally as well developed as in some other countries. Discipline is not well received by Australian coal miners and there tends to be more individualism. Authority is resented and this does not make for high performance in production. It can also inhibit safety in operation.

Effective work systems by crews need to be put in place and results of operation cycles monitored to achieve high performance. The mine design and equipment may be the best but without attention to operational detail even the most capable miners cannot attain levels of production for which the equipment is designed. Each member of a mining crew must have a clear understanding of his/her role and the relationship with other members in the work cycle.

3 EDUCATION/TRAINING

Action taken to improve education and training of personnel in recent years has in the main resulted from serious loss of life and subsequent inquiries into the causes thereof.

There is room for improvement in the education of mine managers, mine undermanagers and other staff responsible for the safety of mine personnel. Similarly, training of staff needs to be improved. Steps have been taken in response to the recommendations contained in the report on the 1994 mine explosion at Moura N°2 Mine. The full implementation of these recommendations in Queensland and their adoption in New South Wales would result in a substantial improvement in underground mine safety.

4 RELATIONSHIPS OF EMPLOYERS / MANAGEMENT / WORKFORCE ENTERPRISE AGREEMENT

The parlous situations at three coal mines during 1997 are but a clear illustration of the generally poor relationships which exist in the black coal industry. There are two common factors in these three cases namely - Hunter Valley N°1 Mine, Curragh and Gordonstone.

In each case the mine owners initially sought to reduce the workforce by hundreds of employees. Secondly the dispute arose from the union challenging the right of the employers to determine who should be dismissed. The union insisted that the procedure should be "first on, last off".

Clearly employers in 1997 are unable to accede to such a demand and in my view it is unreasonable for the union to make it. It is clearly the prerogative of the employer through its management to determine who should remain in employment when retrenching employees. This can be justified purely on the basis of employee skills and knowledge of the mine equipment.

Pane 2

When the Curragh mine was being established it was a rule that no person was to be employed unless his immediate supervisor (to be) had the final say in the person's appointment. Obviously such an arrangement would collapse in the event of "last on, first off" being applied to achieve downsizing. The debate is reduced to management prerogative versus raw union "power" or "muscle"

The result of confrontation, or lack of resolution of the dispute, at these three mines was -

- Hunter Valley N°1 Mine - strikes for 6+ weeks

- Curragh - strike for at least 15 weeks

Gordonstone - prolonged strike followed by total mine shutdown. That is the situation at the time of writing. The number of employees dismissed was 312.

Because I have personal experience at Curragh up to my retirement in 1986, I will provide some background to that mine. From the outset there was Devolution of Authority with Responsibility and Accountability at Curragh - DARAC. All supervisors were trained in the DARAC system. It proved successful and a workable disputes procedure was established. Devolution of Authority (DA) meant that most issues were dealt with at the coal face before they became disputes.

It is essential however to ensure consistency in the application of DA and I believe that was achieved. Despite all of this a hire ban was imposed by the union hierarchy and to explain the background to that I attach a copy of a paper which I presented to the Australian Coal Conference in 1986

This highlights the difficulty for management in dealing with unions. A site specific system of devolving authority was in place at Curragh only to have union "leadership" at Sydney create a bigger problem than could have arisen at the mine. I would add here that union "leadership" have used the response "we cannot control what happens at the mine" when a situation has got out of hand. Having taken an active part in the issue to create a serious dispute "leaders" then absolve themselves by stating that a mine union lodge is autonomous.

Therein lies the greatest impediment to achieving good productivity.

Despite this I hold the opinion that mine management has to accept most responsibility for the industrial problems which pervade the black coal industry. It is mine management that has allowed the unions to gain control by the absence of discipline. Union delegates at mine level have filled voids created by management and taken away the authority needed to control not only production but mine operations in a manner that will best ensure safety of miners.

When I refer to management I include company officials sometimes remote from the mine. To illustrate the problem here I attach an article from "Business Queensland" of October 27, 1997. The President of the Company owning Gordonstone Mine states inter alia "the management did not have the ability, the skill or the tools to resist". That statement infers that he was not part of management. Also attached is a copy of the response to that article by the first general manager of Gordonstone mine and which does not require further comment by me. Here we have a current impasse, an analysis of which clearly demonstrates the greatest impediment to productivity and cost competitiveness in this industry.

Page 3

At the time of preparing this submission the situation is that 312 former employees of Gordonstone mine have lost their jobs and the mine is not producing coal. Circumstances which created the serious problems which appear to still exist at Curragh and Hunter Valley N°1 Mines are not dissimilar.

It appears to me that the only way ahead is for employers and employees to reach agreement in respect of the operation of each coal mine. Both parties need to be free of any legislation other than State Mining Acts which regulate mine operations for safety and health.

Attempts by unions to insist on matters such as "last on, first off" are out of date and irrational. Such demands are made by persons who are not accountable for the damage they cause -suspension of production at the rate of more than 1 5Mtpa at the three mines mentioned above and unnecessary loss of employment is in excess of that first intended by employers at these three mines in order to improve productivity and cost competitiveness. There is simply no room for action of this kind by persons who are not accountable and not even subject to personal loss.

I am unable to offer detailed comment on the deterioration in relationships at Curragh subsequent to 1986 and what I considered to be the successful implementation of DARAC. All I can state is that it was the duty and responsibility of management to ensure that the system was maintained and improved where necessary. That duty and responsibility must have been breached.

5 OCCUPATIONAL HEALTH AND SAFETY

In my opinion regulation of underground coal mines in relation to the safety and health of mine employees must remain in State mining-specific legislation. I do not consider that current mining legislation or proposals to update it, impede best practice in the management of safety and health or the efficient operation of mines. Mine management are free to exceed legislative requirements and in fact some managements do.

Mine inspectorates must be composed of personnel experienced in underground mining in order that they can ensure compliance with legislation for safety and health

of underground coal miners. I believe that my experience as an underground mine manager and as chief inspector of coal mines for Queensland qualifies me to state this.

It follows that only those educated, trained and experienced in underground mining are equipped to enforce mine legislation in respect of underground mines. The application of other workplace legislation will only serve to complicate and confuse. These comments do not apply to open cut coal mines which can be treated in the same way as other heavy industry - subject to provision for adequate around control.

Reverting to underground operations, I wish to add that current management / union relationships are not conducive to good performance in safety and health. Objectives are often lost by mixing S&H and industrial matters. Furthermore the task of management is made more difficult by having to devote an excessive amount of management time to dealing with industrial disruption.

(The best illustration is the anecdote of attempting to drain the swamp and finding alligators!)

I am reminded of the tragedy in 1975 which resulted in the loss of 13 lives at the Kianga N°1 mine in Queensland. During secondary extraction spontaneous combustion developed in the goaf and an explosion ensued. The panels had been designed such that secondary extraction would be

Page 4

completed within 6 months because experience had shown that to be the "incubation" period. Extraction lapsed in 4 North panel for some 6 weeks which included 5 weeks strike. The "incubation" period lapsed one week prior to the explosion.

That is an extreme case but I feel constrained to include this sad episode for no reason other than to highlight the effect of industrial disruption which has an extremely adverse effect on the safety and health of mineworkers. It creates misery and the totally wrong climate for providing a safe environment in what is, without effective control by management, a hazardous industry.

IEUAN ROBERTS

Footnote

These observations are provided solely for the purpose of attempting to assist the Inquiry. I have no other motivation. I would be pleased to provide any clarification that may be needed in relation to these observations.

Pane 5