

ON THE DRY SIDE 194 INDUSTRIAL RELATIONS IN THE PILBARA
John Hyde

In the Pilbara, at Broken Hill, the North West Shelf and elsewhere bloody-minded work practices are reducing production and ultimately the living standards of the workers themselves. Crying 'safety' has become the unions' way of crying 'wolf'.

A midday meal is normally taken in a van from the mess in the town of Pannawonica, to the mess at the Robe River mine. Recently workmen refused to deliver it because the interior light in the designated van was flickering on and off. On investigation this serious potential breach of safety, only prevented by the vigilance of the van's crew, proved to be because the passenger's door was not fully closed. Another vehicle, a station wagon, was unacceptable. Mining stopped for half an hour while minesite workmen were transported to town. The practice cost \$500,000 in July.

On another occasion a dishwasher broke down at the main mess. Of course the company had to be punished, but the logic by which the minesite mess was boycotted in retaliation is obscure.

The claim by the unions, accepted by the West Australian Industrial Commission, that their insistence on productivity-damaging work practices is primarily to enhance safety is called into question by their contempt for the responsibilities of the State Mining Engineer. The Mining Engineer, Mr Jim Torlach, is obliged by statute to police certain safety regulations, most of which are more significant than flickering cab lights in a motor vehicle.

In June two employees in the railway section of the Robe River operation were suspended for five days, by the registered manager, for breeches of regulations under the mining act. They appealed to the Industrial Commission which took upon itself the role of court of appeal and overturned the suspension.

In the week between when Peko Wallsend banned some 200 work practices at its Robe River iron ore export business and Commissioner Coleman of the Industrial Commission ordered that the practices continue until the end of August production rose 30% from 45,000 tonnes per day to 60,000 tonnes per day. It was a good week for safety.

Foreign buyers could not care less how Australia produces iron ore, but they do care about the price. Quality for quality, if Australian companies were to charge appreciably more than Brazilian, Chinese or other suppliers, not a tonne of Australian ore would be sold. Australian miners must take the price for which the most efficient (or most subsidised) producers in the world sell. In economists' jargon they are price takers.

Only a minor share of total costs (items such as fuel) increase with throughput. Therefore a 30% increase in output by the same

workforce and same machinery has almost the same affect on the viability of the mine as a 30% increase in the price paid for ore loaded in a ship at Cape Lambert.

Iron ore production is capital intensive - the greatest costs are interest and depreciation. If the mine workers were to work for nothing that saving would probably do no more than a 30% productivity improvement to insure their jobs. Put another way: small increases in productivity result in large increases in the mine's ability to pay wages. Thirty percent is not small.

Therefore it is hard to understand why employees should insist on practices which reduce capital-productivity.

The Industrial Commission could be the explanation. Its supporters sometimes liken it to a referee. A referee's task is to ensure that contestants keep fighting by certain pre-ordained rules. Contestants should not hit below the belt; neither should they stop hitting. Should the contestants reach agreement, shake and go for a beer, the ref. is out of work. So are the trainers. In the Robe River case 'trainers' are unions and industrial relations officers.

When one considers the interests of the trainers and the referee it is easier to understand how it can be that the workers at Pannawonica are ill-informed about their stake in high capital-productivity.

Much has been made of the statistic that industrial disputes, measured in terms of days lost, have been lower over the last year than previously. But in terms of tonnes of iron ore moved - the only measure which matters - it is a different story. Iron ore production is a chain. One worker delivering lunches can break the chain. He can break it temporarily without adding to the days-lost statistic.

Consider now a situation where the Fight Club has managed to keep the fight going but one of the contestants has discovered that if he defies the referee's rulings the ref., to preserve credibility and an appearance of relevance, will allow him to punch low, chop, butt etc.. If the other contestant is denied the opportunity to make a side deal with his opponent, and he has just stopped one in the balls and another in the back of the neck, has he any option but to retaliate in kind? (The Australian Industrial Relations Club would do well to think about why the bombing of civilian populations escalated during the Second World War.) Faced with a barrage of foul blows Feko tossed its employees out of the ring for a while.

If the union and the Commission would just go away Feko could talk with them about how they could benefit by getting the most out of the expensive machinery. But then: no fight.