

Inquiry into how the mining sector can support businesses in regional economies

Submission from
THE AUSTRALIAN WORKERS' UNION

07 NOVEMBER 2018

About the Australian Workers' Union

The Australian Workers' Union ('**AWU**') is the nation's oldest union, and also one of the largest. The AWU has wide coverage in many blue-collar industries, such as oil and gas, metal ore mining, agriculture and civil construction. Workers in these industries face routine threats to their job security and pay and conditions, where unfortunately consequences are worn by their families and regional communities more broadly.

In particular, the AWU has intimate experience with how the labour hiring practices of mining corporations can suppress wages in regional economies and contribute to what is on average an already-high unemployment rate compared to metropolitan regions. In communities where the number of families infrequently ventures beyond one thousand, the effects on consumer spending and social welfare can be devastating.

Prelude

1. The AWU has had the opportunity to review the submissions prepared by the Australian Council of Trade Unions ('ACTU') and the Construction, Forestry, Maritime, Mining and Energy Union (CFMMEU). The AWU supports these submissions and the sentiments made within them regarding the impact of casual labour and Fly-In, Fly-Out (FIFO) employment arrangements on regional mining communities.
2. The AWU acknowledges attempts by various Parliaments to explore, define and rectify concerns of FIFO arrangements on regional mining communities. In particular state government legislation such as in Queensland – as noted within the CFMMEU's submission – which prohibits a total mining workforce comprising of FIFO workers, and necessitates the preparation of an Operational Workforce Management Plan.¹ As well as previous attempts by Federal Parliament in 2013 to explore the impacts and practices of FIFO arrangements in regional Australia, and the Western Australian government in 2014 and 2015.²³
3. The AWU also acknowledges the growth in the use of contract labour employment arrangements across the Australian economy over the last several years. Symbolically, this has been seen most evidently in the Public Service, which has shown in some instances a tripling in the reliance on contractors across government agencies such as Defence and Human Services.⁴
4. Whilst reliable industry statistics on the use of labour hire by industry are not frequently reported, analyses conducted by various stakeholders point to worsening precariousness in the mining industry of both contract labour and FIFO arrangements.
5. Recent research by the ACTU of job advertisements on Seek found that over 80% of job advertisements for the mining industry were posted by labour hire companies. As noted by the CFMMEU, the latest data released by Coal Services Pty Ltd indicates that 33.6% of underground mine workers and 44.5% of open cut mine workers are employed by contractors.⁵

¹ <https://www.legislation.qld.gov.au/view/whole/pdf/inforce/current/act-2017-028>, page 4

² https://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=ra/fifodido/report.htm

³ [http://www.parliament.wa.gov.au/Parliament/commit.nsf/\(EvidenceOnly\)/D421339FD0A9DCB848257D3B0021E569?opendocument](http://www.parliament.wa.gov.au/Parliament/commit.nsf/(EvidenceOnly)/D421339FD0A9DCB848257D3B0021E569?opendocument)

⁴ <https://www.smh.com.au/public-service/contractor-spending-more-than-doubles-in-five-years-at-largest-aps-agencies-20180311-h0xbem.html>

⁵ See CFMMEU submission to Inquiry into how the mining sector can support businesses in regional economies, page 6 paragraph 20.

6. Unfortunately, the AWU represents many workers in the mining industry that are exposed to job insecurity and wage-loss as a result of the persistence of companies to outsource labour to labour hire contractors. Nowhere has this been more evident than at Peak Gold Mine in Cobar, NSW.

Peak Gold Mine – the travesty of the last residential mine in Cobar

7. Cobar is best described as a mining town. Almost 30% of the local community are employed in Metal Ore mining, and approximately 40% are employed as Machinery operators and Drivers, technicians and Trades Workers.
8. The ABS 2016 Census estimated a total resident population of 4,647 people in Cobar, NSW, equating to 1,121 families in the region. Of the total population, 14% were Aboriginal and/or Torres Strait Islander.⁶ Figures from the 2011 Census suggest these statistics have remained broadly stable over the 5 years previous.⁷
9. There are five mines and four operating companies that surround the immediate Cobar region. CSA mine is an underground copper mine. Endeavour Mine is an underground lead, zinc and silver mine. Two underground mines – Tritton and Murrawombie – are underground copper mines operated by Aeris Resources Limited. The fourth mine operator is Aurelia Metals, which acquired Peak Gold Mine in late 2017.
10. Peak Gold Mine is the only remaining residential mine in the Cobar region. It currently has an operator workforce of 130 people (hereby referred to as ‘the workforce’) whom are overwhelmingly residents of the greater Cobar region.⁸ The risk of the pay and conditions of these workers directly affects the income, welfare and spending patterns of 12% of the families in Cobar.⁹
11. Aurelia Metals has engaged Pybar Mining Services – the third largest underground mining contractor in Australia – to phase-across all of *the workforce* to be employed or contracted by Pybar Mining Services. The arrangement is an explicit attempt to reduce current and prospective workers’ salaries, as well as any conditions that act as a cost burden to the organisation such as redundancy entitlements and other leave entitlements such as long service leave.

⁶ http://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/LGA11750?opendocument

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http://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/LGA11750?opendocument&navpos=220

⁸ The AWU are negotiating on behalf of these 130 workers to secure their employment pay and conditions.

⁹ 130 workers divided by a total family population of 1121 equals 11.6%.

12. The workers are currently employed by Aurelia Metals under common law contracts, where one of their most valued entitlements remains a fundamental one; status of employment. As full-time workers living and nurturing families in the Cobar region, the withdrawal of conditions such as redundancy entitlements and/or guarantee of work has the ability to affect the income of 130 families in Cobar. Indeed, the replacement of the workforce by an external workforce would almost certainly see the town of Cobar into recession, and an unemployment rate in excess of 12% (more than double the national average).¹⁰
13. Pybar have indicated to the AWU that the firm also intends to add 60 people to the workforce by the end of 2018, with no assurances of hiring from the local talent pool. If all of these workers were sourced from Cobar directly, the town would see its unemployment rate drop to 2.9%, just under half the national average. Unsurprisingly, the value of the status of employment at Peak Gold Mine is almost certainly the difference between economic prosperity and depression in the town of Cobar.
14. Currently the workers, represented by the AWU, are in negotiations with Pybar to see their conditions of employment and pay remain the same. However if Pybar can't achieve any cost efficiencies in the status and conditions of employment with workers at Peak Gold Mine, it restricts the company's opportunity to make profit on the contract. Indeed, Aurelia Metals wouldn't outsource the workforce unless it saw cost efficiency opportunities within the pursuit of depriving the local Cobar economy.
15. As we have seen across the other mines in and surrounding the region of Cobar, under the kinds of employment contracts Pybar are known for signing, and over 5 years-time, the workforce at Peak Gold Mine is likely to be sourced externally.
16. We have seen this before. The reality is that over time contract labour hire workforces at mine sites become increasingly dependent on FIFO or drive-in, drive-out workers, where the local community is not only precluded from employment opportunities but also the economic benefits of consumer spending as well.
17. If you have any questions regarding this submission please contact the AWU National Organiser Shane Roulstone shane.roulstone@nat.awu.net.au or by phone on 02 8005 3319.

Yours Sincerely
Daniel Walton
National and NSW Secretary
Australian Workers Union

¹⁰ ABS Census has Cobar's unemployment rate at 5.8% with 123 unemployed persons, equating to a total workforce of 2120. Assuming the unemployment rate and the total workforce remains the same, and with an additional 130 persons unemployed, the rate would increase to 11.9%.