

Executive Summary - 'Safety management of contractors in the coal mining industry: challenges and insights from the field'

Introduction

The use of contractors across the coal industry has increased over the last decade, as has interest in the implications this growth for health and safety practice and performance. **Acirrt**, with the financial assistance of Coal Services Health, conducted an exploratory study of 5 NSW coal mining sites aimed at:

- codifying the main safety challenges associated with contractors in the coal mining industry;
- identifying how mine sites are currently responding to these challenges;
- exploring how those challenges might best be addressed by drawing on other industry initiatives.

Research approach

The research method was qualitative and interview based. Focusing on key processes and outcomes at each site, we identified strengths and weaknesses in contractor safety management systems. By using a 'splice' approach - interviewing individuals representing each level of the contractor supply chain - we were able to crosscheck how management policies translated into actual processes.

The dynamics of contractor employment

What quickly became apparent during the research was that there are significant barriers to effective contractor safety management. In order to explain these barriers it was necessary to understand the underlying dynamics of contractor employment and the impact that this has on contractor health and safety.

The research found that:

- The principle mining companies utilise different forms of contract labour in order to achieve greater functional and labour flexibility. They are seeking increased flexibility and cost reduction in plant and equipment utilisation and direct employment costs. This has included changes to traditional employment practices, including hours of work, and increased flexibility in selection, recruitment and termination practices. This has also been associated with attempts to reduce the influence of trade unions in these areas of management decision-making.
-
- Contracting companies are seeking their own flexibilities in response to increased industry competition and volatility. Overwhelmingly, the use of casual labour by these companies is an expression of the desire to run leaner organisations and be able to respond to the changing demand for their services. It is also an attempt to minimise trade union interference and opposition to these employment practices.

Implications for health and safety

The increasing use of a contingent and intermittent workforce has resulted in increased health and safety risks. The main safety barriers directly linked to the prevalence of a contingent workforce include:

- contractor unfamiliarity with the site;
- unplanned and extended hours of work;
- gaps in the communication systems;
- limited involvement in the development of safety management systems;
- under-reporting of injuries, accidents and incidents;
- inconsistent competencies, experience and training;
- the restrictive nature of some contracts.

Limitations of current responses

The dominant response by mine operators to issues of contractor safety has been to increase the direct supervisory control of contractors. This is a strategy which is proving to be resource-intensive and has the propensity to off-set many of the efficiencies and productivity gains expected from using contractors.

There is also evidence that this response is patchy in its application and effectiveness; it varies significantly from site to site and day to day. In essence, these mine operators are attempting to mitigate the negative impacts on safety by controlling *individuals* rather than collaboratively pursuing good practice amongst *organisations*.

The benefits of long term contractor relationships

Better outcomes are evident where long-term relationships with good contractors are developed and cemented. This enables more structured involvement and collaboration of contractors in developing safe systems and methods of work. It provides for better participation in communication and consultation processes and creates space for further integration of the contractor and direct workforces. Ultimately it results in increases in productivity and efficiency.

Lessons from other Industries

Other industries have also been grappling with the challenges posed by increased use of contractors in their operations. Some have introduced innovations that appear to be having positive effects on the safety and their businesses. These include:

- An oil refinery in Victoria has made an exclusive alliance with a contractor company. This has created stability for the contractor and enabled them to minimise the use of contingent labour.
- The construction industry in NSW has developed an alliance of several principal contractors in an attempt to standardise some of the safety administration surrounding the use of contractors.

Conclusion

It is an opportune time for the industry to implement strong responses to the safety challenges associated with the use of contractors. It is critical that in pursuing efficiencies by contracting work the industry does not inadvertently increase costs in other ways, either in terms of productivity or health and safety. Contractor alliances lead to more structured cooperation at the site level, increased in contractor stability and a reduced reliance on a contingent workforce leading to improvements in health and safety.