

IN THE TASMANIAN INDUSTRIAL COMMISSION

Industrial Relations Act 1984

T.1086 of 1987

**IN THE MATTER OF AN
APPLICATION BY THE TASMANIAN
CONFEDERATION OF INDUSTRIES
TO VARY THE FERRO ALLOYS
AWARD**

**RE: WAGE RATES FOR
FURNACEMEN**

DEPUTY PRESIDENT A. ROBINSON

HOBART, 24 May 1988

REASONS FOR DECISION

APPEARANCES:

For the Tasmanian Electro
Metallurgical Co. Ltd

- Mr. T. J. Abey with
Mr. K. Payne,
Mr. A. Lee and
Mr. J. Golag

For the Federated Ironworkers
Association of Australia

- Mr. A. Harper with
Mr. P. Johnson,
Mr. D. Brown and
Mr. A. Moylan

DATE AND PLACE OF HEARING

18 January 1988, Bell Bay

Application TA.26 of 1987 (incorporating TTL No. 15 of 1987) constituted an Anomalies Conference matter, seeking a new classification of Furnacemen at TEMCO, Bell Bay, ferro-alloy plant.

The claim sought to pierce the 4% ceiling placed on second tier wage increases established by current Wage Fixation Principles.

Whilst a general restructuring and efficiency exercise had earlier been finalised and 4% granted, it was argued that special and extraordinary circumstances relating to Furnacemen had arisen.

The President found that there was an arguable case and referred the matter to me for investigation and decision.

The application before me (T.1086 of 1987) made by the Tasmanian Confederation of Industries (TCI) sought a work value review of the classification of "Furnaceman" contained in Clause 8.1 of the Ferro-Alloys Award, as referred by the President as an arguable case for more than 4% increase.

The parties had reached a consent situation and put forward a claim to vary the award in the following manner:-

1. Delete the amount applicable for classification 1 "Furnacemen" in Section 1 of Clause 8.1 and insert in lieu thereof the following:-

AMOUNT PER WEEK

\$

AS FROM THE BEGINNING OF THE FIRST
PAY PERIOD TO COMMENCE ON OR AFTER
THE FOLLOWING DATES:-

28/04/87

01/12/87

1. Furnaceman

290.40

302.00

2. Insert the following new classification in Section A of Clause 8.1:-

AMOUNT PER WEEK

\$

AS FROM THE BEGINNING OF THE FIRST
PAY PERIOD TO COMMENCE ON OR AFTER
THE FOLLOWING DATES:-

01/03/87

10/03/87

01/12/87

Furnaceman No. 1 & 2

Furnace (ERU Certified) 308.00

318.00

330.70

3. Renumber subsequent classifications accordingly.
4. Insert after 'Electrician' in Clause 8.7 the following:-

Furnaceman No 1 & 2 DLI First Class Engine Drivers
Furnace Certificate of Competency.
 DLI Water Tube Boiler Certificate
 of Competency.
5. The above variations to operate from the beginning of the first pay period to commence on or after 1 March, 1987.

The parties undertook the responsibility of demonstrating to the Commission that this common claim could be justified on proper criteria, and in particular that there had been a significant net addition to work requirements under the work value principle, and public interest considerations.

The principal effect of the two part proposal would be to:-

- (a) Increase the rate for the existing classification of Furnaceman by \$9.50 per week, and
- (b) Introduce a new classification titled "Furnaceman No. 1 and No. 2 Furnace (ERU Certificated)"

It was pointed out that the TEMCO plant at Bell Bay has been undergoing a major upgrading in recent years, involving a capital expenditure in excess of \$50,000,000. Principle ongoing items of upgrading have been No. 1 and No. 2 furnaces which have been upgraded from 12 to 18 megawatts. No. 3 furnace has been increased from 18 to 24 megawatts.

In addition, right throughout the furnace operations there has been the introduction of a new, very advanced, computer system. And there has been a general technology increase throughout the plant, which has impacted at the operator level - and particular on the furnacemen.

One dramatic change which occurred has concerned the installation of an energy recovery unit (ERU), which was earlier made subject to separate hearing and decision* in relation to manning matters.

* T.388 of 1986

As a result of that decision the operation of the ERU is carried out as an additional duty so far as furnacemen are concerned, rather than dedicated manning.

Furnacemen have had to undergo retraining to satisfy Department of Labour and Industry requirements before being certificated to perform the new work.

The procedure adopted by the Commission was to:

1. Embark upon physical inspections of the TEMCO plant.
2. Take evidence from expert witnesses concerning new functions, skills and responsibilities of furnacemen.
3. Hear submissions and other evidence from all parties with an interest in the proposed award variation.

The witnesses called were Mr. Allan Morris Lee, a metallurgist at TEMCO; and Mr. Joseph Golag, utilities engineer at TEMCO.

Evidence presented included details of the new functions and increased responsibility of the furnaceman to control, load, set points and resistance, and operating parameters of the furnace. The critical function of safeguarding electrodes, baking electrodes, knowledge of when slipping should occur is required of furnacemen.

Also the furnaceman must understand the different charges around furnaces as indicated by improved information from computers.

In view of the linking of furnaces to the ERU, there is now a requirement to have a knowledge of gas analysis by the operator to prevent high oxygen levels in the scrubber in general, as well as to the ERU.

As an indication of the extent of the additional job requirements needed, evidence was given that operators have had to undertake approximately 40 hours classroom training by "Safepac Engineers".

TEMCO itself also implemented on-the-job training programs at various times.

According to evidence from witnesses work requirements of operators have increased significantly.

Training of operators included sending two groups of men to Port Kembla for 10 weeks each. A number of foremen also were included in this group training. About 80% of the time was in the classroom, with the balance of the time spent in the Port Kembla industrial environment. Visits were also made to some of the other boiler steam turbine plants in the area. This was basically a theoretical exercise to get them conversant with the technology.

The next step was for the operators to sit for a DLI Water Tube Boiler Certificate of Competency and a permit to operate a first class engine.

Then the erection of the ERU was carried out and the commissioning commenced.

The operators were encouraged and rostered to work with "Badcocks" in the actual operation of the ERU unit as it was gradually brought on line. This was considered to be a very valuable part of the training of the operators.

It took about 5 months before the ERU was operating on a 24 hour per day basis.

Training is still continuing, and will be taken to a point where the operators can sit for a 4 hour examination by the Tasmanian Department of Labour and Industry in order to obtain the first class steam engine driver's certificate of competency.

Detailed operating manuals have been produced dealing with every aspect associated with the operation of the ERU. These have a use both as a training aid and a day to day manual on the job.

DECISION

Prior to this application being lodged I had the benefit of first of all dealing with a significant matter involving both the function of the ERU and its impact upon work requirements of those who would eventually operate this new unit.

I also later dealt with the dispute over wage claims and industrial action associated with the same piece of equipment.

In each case the parties as presently before me were parties to those proceedings also; a fact which was acknowledged during the last hearing.

That background material, together with more recent inspections, could not constitute part of the evidence, but did allow the Commission as constituted to be in a better position to understand all that which was put forward later.

Both parties presented a well prepared case which included technical data too lengthy and detailed to include in this decision. It remains part of the record and is filed for future reference should the need arise.

The quality of evidence produced however, is accepted because of the sincerity and expertise of the witnesses themselves, backed by the production of significant documentation.

The parties realised from the start that the task of mounting a work value case, justifying an increase in wages in excess of the 4% already awarded on restructuring and efficiency, was a daunting one because of the strict tests to be applied by current Wage Fixation Principles. They therefore set out to, and did in my view, demonstrate beyond any doubt that changes which occurred at the plant were extraordinary and that changes in the nature of the work constituted a significant nett addition to work requirements.

This new work was earlier the subject of a bitter struggle between two powerful trade unions.

The FEDFA mounted a very strong case for their members to be given the dedicated manning of the ERU because, in simplistic terms, it is basically a steam driven boiler which drives a turbine to generate electricity.

The FIA eventually won the right for its members to combine this new work with existing furnacemen duties, but only after extensive training and the gaining of DLI certification.

Such extra duties also coincided with a general update of plant and equipment at TEMCO, including increased application and reliance upon new technology through use of instrumentation.

These facts clearly illustrate, I believe, that the changed circumstances are revolutionary in nature rather than simply evolutionary.

Those changes have not been taken into account either in any earlier work value exercise, or as part of the restructuring or efficiency exercise.

There certainly is no suggestion whatsoever that persons are being overclassified. Similarly, the uniqueness of this one off situation can create no case for flow-on consequences.

It follows that on all of the evidence and material presented, a case has been made out sufficient to justify a work value increase in wage rates in excess of the 4% ceiling, consistent with Wage Fixation Principles.

Because of the fact that by its very nature the ERU saves energy and has substantial cost saving implications, thus advantaging the industry concerned, the granting of the claim does not offend public interest consideration.

Assessment of the value of the wage increase comprehends the extent of increased work requirements after training and certification, and having regard for previous work requirements. For all of these reasons the claim is granted.

OPERATIVE DATE

The parties agreed to support an operative date of the first pay period to commence on or after the following dates:

Furnaceman's new rate	28/04/1987
Furnaceman (ERU Certificated)	1/03/1987

Such dates are based upon the times when the work was being actually carried out, advances in training and part of the terms of dispute settlement.

As indicated at the time of hearing the consent variation is acknowledged and the award will reflect the same dates as were agreed.

Order is attached.

