

**24 August 2021****Responses to Questions on Notice (Request No. 2) from Senate Select Committee on Job Security**

Note: Anglo American responses are in blue below, or contained within the attached spreadsheet.

**Question 1.**

Additional questions from Senator Tony Sheldon - Mr Jones said at the hearing:

*“...the variability of pay rates between our permanent employees and those employed in labour hire vary from plus five per cent to minus 22 per cent. That’s the range, if you like, if I plotted all the different occupations and salaries that apply.”*

- a) The proportion of labour hire casuals at Anglo American mine sites who are paid more you’re your comparable permanent employees?

Around 10 % of our workforce employed by labour hire companies are currently retained on a casual basis with casual loading arrangements, which in most cases generates a higher income than the average Anglo American employee salary. **Refer also to attached spreadsheet – AA LH remuneration**

- b) In what circumstances Anglo-American engages labour hire casuals on a higher rate of pay than your own permanent employees?

Anglo American has generally engaged labour hire casuals on a higher rate of pay than our own employees in attaining specialist skills at short notice to meet a short-term demand for specific labour.

Metallurgical coal mining has different junctures of an operation’s lifecycle which require specialised skills that sit outside the core business of the operation. At times, demand for this labour can be high at a time when supply is scarce.

Note: Contracting companies (labour hire) may employ people on a permanent or fixed-term basis for these roles, not only under casual arrangements.

- c) The occupations in which some labour hire casuals are occasionally paid more than comparable permanent employees?

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Circumstances where labour hire employees may be paid more than comparable permanent employees include examples such as roles for planned or unplanned maintenance of machinery including draglines, the introduction of new equipment on-site, rehabilitation work and a mine shutdown or closure.

Note: Contracting (labour hire) companies may employ people on a permanent or fixed-term basis for these roles, not only under casual arrangements.

- d) The occupations in which labour hire casuals are paid less than your own permanent employees? **Refer to attached spreadsheet – AA LH remuneration**

Note: Contracting companies (labour hire) may employ people on a permanent or fixed-term basis for these roles, not only under casual arrangements.

### Questions 2-8.

According to the Queensland Coal Mining Board of Inquiry, at paragraph 11.27 of its Final Report into the serious accident at your Grosvenor mine:

*“Research from 2007 into the rise of temporary employment arrangements in Queensland coal mines revealed that, in 1996, direct employment accounted for 94.1% of the overall workforce at open cut mines in the central and northern coalfields in Queensland. Only 5.9% were contractors.*

*“By 2002, the proportion of direct employees had fallen to 61.5%, while the proportion of contractors had risen to 39.5%.”*

At paragraph 11.75 of the Board’s Final Report, it states:

*“There are labour hire workers at Grosvenor, Moranbah North, and Grasstree mines. Generally, more than 50% of the workforce across those sites are contractors or labour hire employees. Mr Warwick Jones, the head of Human Resources at AAMC, understands that those numbers are ‘not dissimilar’ to many other mining sites in Queensland.”*

- 2) Why has such a dramatic increase in the use of labour hire and contractors occurred at Anglo and in the broader industry?

The labour market has changed over the past three decades, which has included the outsourcing of contracts and more flexible work arrangements. In response, there has been an increase in mining services companies tendering for mining contracts and specialist labour hire companies delivering dependable and reliable skilled personnel for the resources sector.

Anglo American operates in a competitive global market with fluctuating commodity prices and exchange rates. Mining companies may respond to market conditions in a number of ways, including production activities, product mix and customer arrangements. Flexible workforce options enable these options in order to respond to the cyclical nature of the mining industry.

- 3) What labour hire companies does Anglo American engage across its Australian coal operations?
  - o WorkPac
  - o One Key
  - o Mastermyne (predominantly contracting arrangements)
- 4) What is the average rate of pay for your production mineworker employees at each separate Anglo American coal mine site? **Refer to attached spreadsheet – AA LH remuneration**
- 5) What is the average rate of pay for labour hire casual production employees at each separate Anglo American coal mine site? **Refer to attached spreadsheet – AA LH remuneration**
- 6) Does Anglo American use, or has Anglo American ever used, software currently or previously referred to as 'ERMS', Bright People Technologies', or 'Cited', or any other software used for the purpose of recording details about an employee's conduct, or for screening potential employees?

No. Anglo American does not and has not used any of the aforementioned software programs.

If yes : We answered NO but some further information if needed to the committee's subsequent questions to Question 6

- a. What is the software called? b. Why does Anglo American use it? e. Has Anglo American ever used such software to screen an employee, and come across this sort of information recorded by another employer? And if yes, which employer and what was the nature of the record?

(a, b, e) Anglo American does not currently use or has previously used ERMS, Bright People Technologies or Cited software or any other software used for the purpose of recording details about an employee's conduct or for screening potential employees. We do not and have not used any of those software systems. Anglo American undertakes resume reviews, phone screening interviews, face to face interviews, reference checks and pre-employment medical assessments.

- c. Has Anglo American ever recorded details about feedback, comments or complaints from an employee using that software? d. Has Anglo American ever recorded details about an employee's engagement with a Union, or any suspected or known union engagement or interest in collective action?

(c, d) Anglo American utilises SmartRecruiters as our recruitment database. We hold information in line with relevant privacy legislation and this includes contact information, resume, interview guides and reference checking information. We do not capture any information about affiliations prospective employees may or may not have with third party entities

7. What was Anglo American's revenue from its Australian coal operations in the most recent financial year for which data is available? (either FY21 or FY20).

Anglo American's Australian coal operations Revenue for FY20 was US \$ 1,909 million

8. What was Anglo American's underlying earnings from its Australian coal operations in the most recent financial year for which data is available? (either FY21 or FY20).

Underlying EBITDA for FY2020 for Anglo American's Australian operations was US \$50 million. For the first half of 2021 (interim results), the Australian operations reported a US \$94 million loss (EBITDA).

Table 1 Labour Hire, Anglo American remuneration

Occupation	LH annual salary Capcoal	LH annual salary Dawson	AA annual salary Capcoal	AA annual salary Dawson	Averaged across AA's respective mine sites	AA mine site	Annual salary for each AA operation
Truck driver	\$135,384	\$122,187	\$142,287	\$136,777	\$128,786 for LH \$136,080 for AA	Capcoal	\$142,287
						Dawson	\$136,777
Underground Mine Technician	Annual salary AA	LH Hourly rate				Moranbah North Mine	\$164,974
Moranbah North	\$164,974	Same as per EA requirement				Grasstree	\$156,986
Grosvenor	NA	\$89.11				Grosvenor	
Grasstree	\$156,986	\$89.01				Aquila	\$155,670
Aquila	\$155,670						
Average for AA	\$159,210						
Average for LH		\$89.06 / hour					
Open cut operations	Capcoal Open Cut Mine, Dawson Mine						
Underground mines	Moranbah North Mine, Grosvenor and Aquila						

Notes  
 Aquila has no labour hire in UG mine technician roles  
 Grosvenor has no Anglo American employees in UG Mine Technician roles  
 Labour Hire employees that work in Underground Mine Technician roles at Moranbah North are paid the same as Anglo American employees as per clause in Enterprise Agreement