THE DYNAMICS OF INDUSTRIAL RELATIONS IN THE PAPUA NEW GUINEA MINING INDUSTRY: IMPLICATIONS FOR TRADE UNION STRATEGIES
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FOREWORD

The Friedrich Ebert Foundation is a non-profit, non-governmental cultural and educational organisation that is committed to the values of social democracy. Based in Germany, but active worldwide, the Foundation's aims are political and civic education, and the fostering of international understanding and cooperation. The assistance of trade unions all over the world is one of the Foundation's core objectives. The financial and conceptual assistance for this study falls in line with this objective. However, the opinions expressed here are those of the author and not necessarily those of the Friedrich Ebert Foundation. The research for this publication was conducted in 1994 and 1995. The publication of this research paper was unfortunately delayed for several years.

Various important developments have occurred since the completion of this study and are hence not discussed. To name just a few of these developments:

- in 1996, the Papua New Guinea Mining, Energy and Allied Workers Union (MEAWU) was registered with the industrial registrar as the national umbrella body for the mining unions. However, this umbrella body is still not functional;
- the Papua New Guinea Trade Union Congress (PNGTUC) has adopted a strategy which is geared more towards the needs of its affiliates;
- trade union leaders and management in the three sites of the case studies have changed, and as the industrial relations system is very personalised in Papua New Guinea many of the observations might be reported differently today.

Nevertheless, the study’s findings very much reflect many of the persistent problems of the industrial relations system in Papua New Guinea, and as such, this document is ‘timeless’ and worth reading in 1999 and beyond. Many of the suggested strategies have found some support and have been pursued since the completion of the study. However, the capacities and the commitment of the trade unions are still lacking for their full implementation – not only in the mining sector.

The study addresses both academics and the social partners. As its purpose is very much action oriented, it will be presented to all the unions and hopefully will serve as a starting point for strategy formulations.

Port Moresby, January 1999

Bernhard Barth
Resident Representative
Friedrich Ebert Foundation
ACKNOWLEDGEMENTS

There are several people whose contributions helped to prepare this report. First, I would like to thank Fritz Kopsieker of the Friedrich Ebert Foundation for helping to set the basic outline of this study paper. He assisted with fruitful discussions that led to the writing on this unheralded area of industrial relations in Papua New Guinean mines.

Second, I would like to thank the various trade union leaders in Porgera, Misima, and Ok Tedi who were readily available for interviews even at short notice—especially, the Porgera Mine and Allied Workers' Union secretary whose views greatly assisted in making objective assessments on unionism, not only in Porgera, but throughout the country. I would also like to thank John Paska of the Papua New Guinea Trade Union Congress for his views on some notable disputes in the mining industry.

Third, I would like to thank several officers from the Department of Labour and Employment who assisted in furnishing information on the various mines. Special mention goes to the Secretary for Industrial Relations section who was accommodating and made every effort to release files and reports.

Finally, I would like to thank the other individuals in whatever capacity they represented.

B.Y.I.
EXECUTIVE SUMMARY

This study is the result of in-depth discussions with the unions and management in three mines – Ok Tedi, Misima, and Porgera. More time was spent in Porgera because of the company’s approval of the study which also coincided with doctoral research in the same area. Research in the other two areas was done in close cooperation with trade unionists. Even though access to the mine management in these latter two mines was difficult, that did not affect the study as previous visits to all mines had been carried out. This is a study of industrial relations in the mining industry and implications that they might have for trade unionism. Information was gathered mainly through interviews, and analysis of union records and Department of Labour and Employment files in Port Moresby.

Industrial relations is a contentious area for management in the mining industry. Comparatively speaking, management and unions have more of an ‘understanding’ relationship as the mining projects settle and mature. For the new mines, relationships are dominated by paternalism on the part of management, which makes it difficult for unions to recruit members and even exist. Ok Tedi fits the former situation, while Misima and Porgera are typical of the latter. Generally, management has an adversarial relationship with workers at the workplace, and also with the unions.

Unions in the mines are fraught with structural and organisational setbacks. Amongst others, they have financial and leadership problems which inhibit their effectiveness to pursue workers’ issues. Industrial action has been mainly in the form of wildcat or all out violent strikes which illustrate some of the underlying dissatisfaction that workers have had over the years. This strategy has become well-favoured amongst unions because of the attention it draws from politicians and the public regarding issues such as wages, accommodation, training, localisation, and safety. On some occasions, because of a well-entrenched distrust for management, unions have pressed for an impartial body, and requested the Government to set up a Commission of Inquiry to settle their grievances. On other occasions, prolonged disputes have been resolved in Port Moresby hotels, at the expense of management. This has been a ploy that has been continually used by management but it is against overwhelming reservations from the rank and file union members.

This study proposes several recommendations for union development, and the consolidation of its position in the various mines. There is a call for an industry-based union and closer cooperation with existing aid organisations such as the Friedrich Ebert Foundation (FES) in the country.
However, there is one area that needs further work to facilitate union advancement in organisation and representation of workers' interest, and that is on a 'how to negotiate' strategy. It is essential that unions urgently master basic negotiation skills and tactics in order to put a positive, effective case to management. A shallow understanding of what is expected of union leaders in the formal processes of dispute settlement has led some disputes to numerous impasses and wildcat strikes. Some practical procedures pertaining to negotiation skills and strategies would go a long way to aiding union leaders to develop their competency so that they can fully represent their members in dispute resolution.
CHAPTER 1: INTRODUCTION

Industrial relations in the Papua New Guinean mining industry have so far been a neglected area for both scholarly and applied studies. Most recent studies (Filer and Jackson 1989; Hyndman 1991) tend to be anthropological and sociological in perspective and explain the social impact and the changes that have come about as a result of mining in local areas. Most people in Papua New Guinea are aware of issues (disputes, work stoppages, and strikes) of industrial relations in the industry through the local media. The industrial relations system which gives rise to these issues has not been popularly analysed for public consumption so that one can gain a better appreciation of human behaviour in its work context. In particular, the workers with their organisation (union) which form the crux of this industry are seldom advised or guided into their pursuit for improved living standards and render their services to sustaining a vital part of the economy. This paper will redress this shortfall by examining the character and operation of industrial relations. It will also discuss some related issues that are affecting the unions in the mining industry. Some strategies will be formulated, and recommendations made.

Chapter 2 provides a theoretical analysis of industrial relations as it is manifested in the work environment. It discusses the economic, legal, and social dimensions which affect the way in which work is created and performed.

Chapter 3 provides a brief background analysis on industrial relations in the Papua New Guinean mining industry. It also introduces a comparative method which will be used to analyse the conduct of industrial relations in the three existing mines — Ok Tedi, Misima, and Porgera. The major issues and themes drawn from the discussion are briefly stated.

Chapter 4 discusses the current Papua New Guinean industrial relations system in its institutional context. The roles of each of the parties that make up the system are examined separately and the strengths and weaknesses of each party stated in order to portray the current function of the system within that constrained environment.

Chapter 5 looks at dispute settlement in the mining industry. It discusses some notable industrial events and looks at the forms of dispute settlement which have been used to resolve the issues. In particular, the various strategies that have been relied upon by unions and management in these significant industrial disputes are discussed. Some remarks are made about the future of industrial relations in the Papua New Guinean mining industry.
Chapter 6 brings the discussion to a conclusion. Importantly, it suggests some strategies and makes recommendations for the union movement in the industry.

A Note on Methodology

Various methods were used to gather the information which is used in this investigation. The bulk of the data collection was done in November and December of 1994. The author used a grant from the Friedrich Ebert Foundation (FES) PNG, to visit the existing three mines (Ok Tedi, Misima, and Porgera) and gather information for the paper. This also coincided with the author's doctoral field work on industrial relations in the mining industry.

The primary source of information was interviews with trade union leaders. Casual discussions were also held with rank and file members in the three mines. Attempts to gauge views from workers by means of circulating questionnaires and interviews were stopped by management. No response was received to written requests. When approached on site, the top executives gave reasons not to allow the research and made brief remarks, 'things are all right here' or as one responded 'business as usual'. That was sufficient to show that they wanted no intrusion into the delicate affair of managing workers in these mines. In spite of this, several sympathetic national white-collar and blue-collar workers did air their views about the methods of the management in dealing with industrial relations in the three mines. Oral and written data were collected from the Department of Labour and Employment (DLE) and also from the Papua New Guinea Trade Union Congress (PNGTUC), the umbrella organisation of trade unions in PNG. The author also had the benefit of having several fruitful meetings with the sponsor. By mutual agreement, a format for this paper was drawn up for the author to rely on (see Appendix 1). Sometimes I had to rely on secondary sources such as newspaper clippings. I also made use of the very limited existing literature on labour to formulate an interview guideline to extract information from the different parties (see Appendix 2).

Definitions of Key Concepts

Some of the following concepts are used in the industrial relations context without further explanation in the text.

Dynamics - a concept used in employment relationship to mean the situation is not static but changing because of the forces inherently present in the arrangements. The interaction of the two dominant parties, management and labour, in this relationship can be explained in terms of control and power. Management attempts to use these elements to maintain control over the labour
process and the workers attempt to resist that control. The interplay of these forces (dynamics) produces conflict. The exercise of choice relates to strategies, decisions, and actions of parties in pursuit of objectives.

*Industrial Relations* – the relationship between employees, working groups, and their representative organisation, on the one hand, and managers, employers and their representing organisations on the other. An interaction with the employer and employee at the workplace provides the basis of industrial relations.

*Industrial Relations System* – consists of the participants (the union and its associates, management and its associates, government and its representative), a context in which they operate a body of rules which binds them at the workplace, and a legal system which binds them together in the wider environment. It is the external environment which impacts upon the employment relationship between workers and employers allowing the former to bring issues to the latter and vice versa (see Figure 1). In the PNG context the industrial relations system would be characterised by the unions (in this case mining unions), the main union body (PNGTUC), management (mining companies) and the PNG Government through the Department of Labour and Employment. The country’s legal system supports this industrial relations system.

*Strategy* – implies that conscious and rational decisions are made by management and unions in pursuit of industrial relations objectives both in the short term and long term. Strategy is seen as proactive planning and is tied to objectives in employment relations. The process of developing a strategy involves the identification of the issues involved, the generation and evaluation of alternatives, and the final choice of the course of action which it is considered will best achieve the objective. Union strategy is characterised as defensive and reactive and often formulated in executive meetings. Implementation of the strategies follows, and achievements have to be evaluated against the objectives, and corrective action taken where necessary. Thus, strategy setting is a continuous process.
Figure 1: Framework of an Industrial Relations System

- **Environmental Influences**
  - Economic
  - Political
  - Social
  - Legal
  - Historical
  - Ecological
  - Technological

- **Conflicts**
  - Causes
  - Symptoms
  - Forms
  - Measures

- **Parties**
  - Workers and Unions
  - Management and Associations
  - Governments and Agencies
  - Industrial Tribunals

- **Processes**
  - Unilateral
    - Managers/Government
    - Compulsory arbitration
    - Voluntary arbitration
    - Wages boards
    - Joint consultation
    - Mediation
    - Conciliation
    - Collective bargaining
    - Grievance processing
    - Productivity bargaining
    - Worker participation

- **Rules**
  - Procedural and substantive found in
    - Statutes
    - Awards
    - Agreements
    - Orders/directions
    - Rules of organisation
    - Custom and practice

- **National, State, Industry and Plant Levels**

**Source:** Adapted from K. Hince, “Industrial Relations Systems”. Mimeograph, University of Melbourne.
CHAPTER 2: INDUSTRIAL RELATIONS IN THEORETICAL CONTEXT

Doing research in industrial relations is quite difficult. Other fields impinge on this area because of its multidisciplinary character. Lawyers, economists, historians and political scientists often assert that their discipline alone offers the legitimate avenue to understanding industrial relations. In the work environment, public servants would understand and implement industrial relations policies with a pragmatic and objective view as with other government policies. Politicians may behave as if industrial relations issues are entirely concerned with provincial and national politics (as in Australia). The industrial relations institutions survive such attacks.

The complexity of industrial relations was well recognised by an American academic, John Dunlop (1958) in his influential work on the theory of industrial relations. He argued that the industrial relations system functioned to create workplace rules, determining rights, duties, rewards and penalties at the workplace. This was the same way the economic system produced a network of prices. These in turn functioned to distribute goods and services throughout the economy.

There have been several other definitions of industrial relations offered by other scholars. Unfortunately, all (including Dunlop's) contain an element of bias pertaining to their area of specialisation and thus are not without flaw. While there are many approaches to industrial relations, only four major views are discernible. Industrial relations is therefore about the activity of institutions or organisations, the behaviour of the individuals at work, and the means of bringing order and disorder.

At the simplest level, industrial relations is viewed as the relationship between people (employer and employees) at work in industry, using the term broadly to cover people engaged in the production of goods and services, whether in factory, commercial or public service, or large-scale agricultural employment.

To understand the nature of the overall system it is necessary to look at the dynamics of the employment relationship. The employment relationship between employer and employee is central to what is termed as 'industrial relations'. Three 'dynamics' (dimensions) of the employment relationship can be identified — economic, legal and social. These place the employment relationship in its wider context, and structure much of the relationship itself. It is worth briefly describing how these three discussions are integrated into the employment relationship.
In the modern capitalist organisation of work there are certain characteristics, mainly economic, which affect the way in which work is created. The nature of the work, together with the legal framework of society, influences the way in which the employment relationship is established. The social, economic and legal aspects are closely interrelated. It is not surprising that one finds three types of problems — economic, legal and social — and likewise, three avenues for the resolution of those problems. They can be addressed by adopting one or all of the approaches (economic, legal and social).

**Economic Dimension**

The capitalist owns the means of production and thus controls its use. This includes the application of any new means of production, and the production and distribution processes, with the aim of further capital accumulation. This is achieved through those members of society who do not own any capital but can only sell their labour. Labour is viewed as a good which can be bought and sold. The labour market has certain distinctive features. The employment relationship is a continuing one and it is subject to renegotiation.

The development of an employee’s skill may require an investment by the employer in the employee, but the skills acquired will not be left behind if the employee wishes to leave. The employer will continue to utilise labour as long as it makes a net contribution to the profit of the organisation. The value of labour to an employer depends on the price of the labour, the productivity of labour, and other methods of production, and the demand and price for the final product. In any event the skills may not be made full use of or not be forthcoming unless the employee is properly motivated and compensated (Whitfield 1987: 8-10).

**Legal Dimension**

The two aspects of law that can impact on the employment relationship are the common law and statute law. The former is made by judges’ decisions on cases which then become accepted and used within the legal process. It is heavily based on precedent — a feature which gives stability and direction for later users of the legal system to put a comparable situation on a legal basis. The latter is the statute law which has been constructed by the Parliament according to the Constitution. The Government, acting in the national interest, intervenes directly in the development of law.
Industrial Relations in Theoretical Context

The law of employment evolved at a time when the organisation of work was popularly known in terms of master and servant. The employment relationship is contained in the law of contract, the legal expression of an exchange economy which is strongly market-oriented, and is based on the use of money (Fox 1974:153). The law that is applied to employment contracts relates to the ownership of the means of production on the one hand and the exchange of labour for reward on the other (Thomson 1984:89).

The obvious terms in an employment contract in the PNG industrial relations system are those which deal with the rewards for performing the work. The employer fulfills his obligations to the employee by adhering to the relevant clauses. The employer's rights (employee's obligation) are often not clear in the actual definition of the work itself, quality and quantity of work required, and so on. This gives the employer excessive power to counteract the inequality that is inherent in the employment relationship the labour laws which have been introduced and include protective legislations on the employment of women, children and young persons, on safety in mines, factories, and offices, on payment of wages in cash, and some obvious statements of an employer's duties. The rights of minimum notice, redundancy pay and fair treatment in discipline or promotion are other areas in which the legislature intervenes to counter some of the perceived inequalities. However, employees themselves, through their collective actions (union), can find other avenues to alter the imbalance in the employment relationship or they can influence the legislature, just as the employers can. However, in the end, it is the industrial relations Acts (laws) which provide the proper avenue for resolution of conflicts. And that requires an able functioning industrial relations machinery (system) to see that issues are resolved fairly.

Social Dimension

As already discussed, the economic and legal dimensions established the foundations for the formation of a particular employment relationship. The social dimension emerges in the day-to-day functioning of this relationship. The capitalist society allows labour to be bought and sold as a good on the open market. This implies the existence of a class of people who make their living by selling their labour to another class (owners of means of production). It is industrialisation, with its own network of rules and powers, which has become the main driving force in the establishment of a consumer orientated society where new standards of living have increased the expectations of the individual workers.
In this industrial society an individual enters the work environment bringing with him differing resources (cash, skills, etc.), and motivations so that individual choices and opportunities differ widely. The circumstances will change as the individual's working life progresses. The individual in the work environment comes to sense the unequal power represented there. The worker may experience work fatigue, stress, and associated negative impacts and develop compensating behaviour to cope with it. This includes taking days off, going slow at work, bending the work rules, and other behaviour to counteract the monotony of the work environment. It is management's job to see that the worker makes a positive contribution to the workplace. Because of management pressure or encouragement most workers will tend to have common work-related interests because work is performed in groups. Even those who work individually will become aware of the benefit to be achieved from being part of a group. Such groups will enable them to act collectively should it be necessary to confront the employer.

However, this paper is not about difficult theoretical underpinnings of this kind. The interaction is to accumulate some evidence about the means by which the respective mines practise industrial relations in the work environment. What has been undertaken here is to identify the determining factors that are common to the unions in the three mines, and also the factors that make them different from each other in their relationship with the management. In the comparative discussion, it is hoped that the existing strategies of unions and their past achievements will be highlighted and that some insights into the workings of the industrial relations system will emerge, as well as prospects for the future.
CHAPTER 3: INDUSTRIAL RELATIONS IN THE PNG MINING INDUSTRY

The Beginning of Industrial Relations

As mentioned earlier, the literature on industrial relations in the PNG mining industry is very shallow. However, the enormous amount of literature that is available on the subject elsewhere suggests that the industry in other developing countries is overshadowed with the same historical stereotypes of 'Western industrial relations, characterised by management, voracious international capital and the archetypal proletarian, the male collier' (Burke and Hess 1993:1). These features are part and parcel of an industry where there is a perilous work environment, endemic industrial conflict, and remote geographical location. The combination of these factors can lead to a volatile relationship with a foreign mining company. The social and political realities influence to some degree the conduct of industrial relations in PNG, where the industry sustains up to one-third of the natural budget.

The mining industry in PNG did not commence until the 1870s. This period of mining was characterised by labour-intensive operations. Independent white alluvial miners with their native 'boys' panned the fruitless Laloki gold rush of 1878 (Filer 1993) and then went to the islands of Milne Bay and the creeks of the Sepik Fall until they discovered the Wau and Bulelo goldfields in 1926. The labour relationship in those days operated under a system that was policed by the colonial State and which operated in favour of the employer. Only a labourer's basic needs were catered for during his period of contract (Newbury 1975). Above all, labour relations were characterised by an attitude of near paternalism (not only in the mining sector but the entire colonial economy) until the 1960s when formal industrial relations machinery was established by the colonial State (Fitzpatrick 1978).

The construction of the giant Bougainville copper mine in the early 1970s set the scene for the expansion of the industry. It was followed by a stream of other mines such as Ok Tedi, Misima and Porgera. Until its premature closure in 1989, the Bougainville Mine Workers’ Union (BMWU) was one of the largest unions in the country and was able to gain significant recognition from workers and the company (Mamak and Ali 1979). In 1975, the BMWU staged one of PNG’s most militant strikes. This was about management attitudes, wage differentials, and more generally, the foreign nature of the mine within the agricultural communities on the island (Good and Fitzpatrick 1979; Quodling 1991). But management paternalism and organisational problems, which were often based on ethnicity, haunted the BMWU from its beginning (Ali and Mamak 1979).
These problems continued (Imbun 1995) but the BMWU remained one of the very few unions in the country with real industrial muscle.

However, after the premature closure of Bougainville, which for most of the 1970s and 1980s was the leading export earner for the country, while the other mines (Ok Tedi, Misima and Porgera) continue to be the mainstay of the economy in PNG. In 1993, the three mines provided 38 percent of the country’s export earnings (Imbun 1994). However, there are several other projects such as the Lihir gold mine (see Figure 2). The character and operation of industrial relations in the three mines is the subject of subsequent discussion.

**Figure 2: Current Mines and Prospects**

The Comparative Method

Many internal and external forces have an impact on the conduct of industrial relations in the isolated mines of PNG. However, what would be the best comparative analysis? The methods adopted here are the analysis of development in time of the various mining unions, and comparison of the conduct of industrial relations in the three mines, with other mines. The two methods should explain the behaviour of unions and management in respect of mines, in their pursuit of viable labour relations. Each method in its own way can highlight the trends and tendencies of both parties in what appears to be a strategic economic enclave in the PNG economy. The description of each method in the beginning will make the subsequent analysis much clearer.

Development in Time

This method discusses the formation and beginning of each trade union along with the development of each mine in the country. This analysis, as well as establishing the history, will also establish the trends in union organisation and ability and behaviour of unions in pursuit of industrial activities such as strikes, achievements and failures, and its structures including physical and financial resources. It will also go on to establish the differences and similarities of each mining union. It will be shown that the longer the establishment of the mine and the union the more established and active the union movement at a mine site.

Comparison of Conduct of Industrial Relations

This method discusses the various styles of management of industrial relations in the three mines. The management attitudes towards union presence in the mine and the type of approach it applies to deal with the organisation will be examined, as will the prevailing relationship between management and union at the workplace and the mechanisms that are available to deal with day-to-day workers’ grievances. Comparison will be made with other mines to establish similarities or differences in the application of management strategies towards interaction with unions. Past major industrial events will be described to demonstrate the management’s response to the issues.

Other identifiable features such as physical location, social and demographic composition of the mine sites, together with local and national politics which have an impact not only on industrial relations but also on the running of the mines in the country are discussed where appropriate.
The three existing mines — Ok Tedi, Misima and Porgera — will be discussed in that order. However, the conduct of industrial relations extends back into the exploration, feasibility, and construction stages of each project.

The Ok Tedi Mine

Ok Tedi is an open-cut gold and copper mine which is located in the remote Star Mountains, in Western Province. After a long and costly construction and development phase, the mine commenced production in 1984. The ore body lies within Mount Hulban in the headwaters of the Ok Tedi River, which is part of the Fly River drainage basin. The mine and its infrastructure include the township of Tabubil, the port of Kiunga, and an ocean trans-shipping facility in the Fly River delta. Western Province is the largest province in PNG, but is sparsely populated, largely because of its inhospitable physical terrain. It is one of the most underdeveloped provinces in the country. The province’s economic development is dominated by the Ok Tedi mine and its surrounding infrastructure.

The area was first contacted by government personnel in 1963 but, when mining commenced in 1982, no significant development had taken place. Limited records, such as health surveys, indicate that the people of the Ok Tedi region led a harsh existence as hunters and horticulturists. Life expectancy was below the national average, and the infant mortality rate was above the average for PNG (Ok Tedi Mining Ltd 1988).

Ok Tedi makes a substantial contribution to the economy of PNG in export earnings. In 1993 alone, it sold K400 million worth of copper concentrate to markets in Japan, Finland, Germany, South Korea and the Philippines.

The ownership of the project now rests with three major shareholders, following the sale by the US-based Amoco Corporation of 30 percent of the equity to the other partners. These includes the PNG Government, whose share is managed by the Australian company, Broken Hill Proprietary Limited (BHP), which is the major shareholder in a consortium including German interests. In July 1993, the Ok Tedi project had a work force of some 1,900 workers who were directly employed. However, this number nearly doubles with the inclusion of other dependent employees who are engaged in spin-off economic activities. A significant portion of the working population and their dependents live in the company town of Tabubil. A few live in the port township of Kiunga, while the landowner employees live mainly in their resettled villages which are adjacent to the project.
Industrial Relations

Since production commenced in the early 1980s, industrial relations in Ok Tedi have been in the public eye. From the construction period to the operations period in the mid-1980s, the management had to confront some serious industrial disputes and an industrial relations section was created to deal with the issues. The management's acknowledgement of these industrial issues made it possible for workers to raise their grievances. The industrial relations section is headed by a manager and is part of the personnel function which is responsible for manpower planning, recruitment, managing workers' rewards, and looking after the company town (Tabubil). The industrial relations section consists of three officers, including the manager, who deal with current awards for manual workers and contracts for national staff and expatriate workers. The section is also responsible for the day-to-day industrial relations problems as well as other problems, and is responsible for creating and developing productive industrial relations throughout the company.

The management at Ok Tedi operate what they refer to as an 'Open Door' policy. In practice, this means that workers with grievances approach the authorities on the shop floor first and then go up the hierarchy as far as the general manager. The usual grievances would involve demands for married accommodation, promotional dissatisfaction, and clashes with supervisors at the workplace. The industrial relations officers advocate this open door policy but encourage workers to follow the formal grievances procedure.

A specialist industrial relations service is offered in two of the workplaces of the project — the mills and mines — as well as in the main office in Tabubil. The site issues often involve individual workers clashing with their foreman, leading hand or crew boss. This often happens when workers from one province (for example, highlanders) are given orders from their crew bosses (who may be coastals). Sometimes, workers simply misunderstand orders from their foreman who is likely to be an expatriate. The industrial relations site officer helps to iron out the differences before the problem becomes too serious.

Serious industrial relations problems are solved with the involvement of union representatives and industrial relations officers. The grievances procedure set out in the Labour Policy Manual entitles the aggrieved worker with his union official to an explanation of why a certain penalty should be imposed on him. However, the industrial relations officers' role in Ok Tedi is more advisory than executive and most cases of suspension or termination are referred back to the appropriate line manager. Given the close relationship that exists between the various managerial staff members, the industrial relations officers have the knowledge as
The industrial relations officers also have a monthly meeting with the union executives to discuss issues which they feel are potential areas of discontent amongst the work force. There may be a supervisor reporting to this meeting on the matters for which he is responsible. This meeting offers a forum for the parties to argue all matters raised and a report is usually sent to the General Manager.

While the union delegates assert that this is a method open to them, and that decisions made at this meeting should be implemented, the industrial relations officers and supervisors argue that they are not, in fact, obliged to deal with issues which had already been resolved. In practice, the relationship between the parties is sometimes tarnished by bickering of this kind, but the unions in Ok Tedi endeavour to address every issue from the shop floor up to the management.

Management

The management style at Ok Tedi is an important factor in industrial relations decision making. Senior management see industrial relations as an integral part of the management of the project. The importance of this is reflected in the fact that industrial relations has its own section with a national manager. The management accepts that industrial disputes or general employee discontent do not arise independently of managerial action.

This admission is not always easy as was apparent in the strike of 1988. In Ok Tedi, generally speaking, the management appear relatively tolerant, democratic, and people-orientated, although on some occasions they are conservative in their attitudes towards industrial relations and the treatment of trade unions. However, the unions continue to allege that, in practice, the management contradictorily pursues more dictatorial policies. The mixture of attitudes derives from the fact that many senior white-collar positions are occupied by Papua New Guineans, including the second highest position in the company, while the senior technical positions are mainly occupied by expatriates.

In Ok Tedi, one of the factors that affects working relationships between immediate supervisors (or foremen) and workers is the diverse ethnic representation of the work force. There is an unbalanced representation of ethnic groups in the mine. The work force is dominated by workers from the 'preferred areas' of Western, West Sepik, and Gulf Provinces, and this has become a problem for both management and workers. Many of the white-collar jobs and some of the skilled technical jobs are occupied by Sepiks while most of the manual jobs are filled by workers originating from the 'preferred areas'. This has
allowed workers from other areas to consider themselves as 'disadvantaged groups', because the rate of termination is prejudiced against them (Imbun 1992). While management mainly recruits from preferred areas, it also has endeavoured to recruit skilled workers with the right experience from the open labour market, irrespective of place of origin. However, the dual recruitment policy has often created an awkward position for the management. They have to put up with accusations of 'favouritism' and wantokism' from the other ethnic workers (Ibid.: 12). In an isolated area such as Ok Tedi, management has met some of its skilled labour demands by recruiting from its training school which passes out some twenty-five apprentices each year.

The diverse and unequal ethnic representation in the mine has undoubtedly created its own problems. It is in the mine site amongst the manual workers that the problem is manifested in frictional relationships with some of the workers who may be highlanders and their foremen and leading hands who may be either Sepiks or from the 'preferred areas'. The problem is that some workers in a crew respond more readily to instructions given by their own wantoks than an immediate crew foreman who is considered a non-wantok.

The expatriate supervisors often have to deal with such flexible but informal work arrangements. This also influences, to a certain degree, the appointment of crew leaders 'to establish a work force equilibrium' (Ibid.). Although expatriate foremen and supervisors display a sense of intelligence, tolerance and forcefulness, expatriate supervisors are said to form attitudes of inflexibility and are often abusive to workers. There have been instances of supervisor-worker clashes resulting from verbal abuse by expatriate foremen and a couple of instances of physical confrontation. This is not tolerated by the management either at the workplace or in the company (Personal Communication 1994).

There are quite a number of semi-educated manual workers who have been trained on the job in the mine. This has influenced the system of awarding promotions. These employees consider that a mere three to four years experience is the prerequisite to gaining promotion. There has emerged an 'informal approach' (according to one site manager) where plant and mill operators individually approach their expatriate superintendent to get promoted to another level (grade). They feel 'overlooked' or 'forgotten' by the company (Imbun 1992). This may seem naïve, but the awarding of promotions has been a potential issue amongst the manual employees and there is reason to believe that the management strictly limits the awarding of promotion in Ok Tedi. The management emphasises that it is its prerogative to award promotions to deserving employees and it must take into account other factors such as wages and related benefits which are limited.
The matter of summary dismissals in the area of supervisor-worker relationship is the most controversial. Any dismissal arising from clashes over work allocation or differences in attitude (not mentioning verbal and physical clashes) has been fought tooth and nail by the Ok Tedi Mine Workers’ Union (OTMWU). Since the opening of the mine, however, there have been no cases of work stoppages or industrial action as a result of any dismissal. Management has been very adamant regarding reversing dismissal decisions, and workers have reluctantly taken it to be the consequences of being the ‘unlucky aggrieved worker’ after putting forward their grievances to the industrial relations officers.

Unions

There are two unions which play a dominant role in the conduct of industrial relations in Ok Tedi. The white-collar workers belong to the National Staff Association (NSA), while the blue-collar workers make up the OTMWU which is much more vocal and at one time was one of the most militant unions in the country. Upon registration in 1985, NSA had a membership of 544 members, while OTMWU which was registered earlier in 1982 had a healthy membership of 1,341 (DLE files). OTMWU has several shop stewards in the crucial areas of the mine (the mine site, mill, maintenance, and warehouse). The delegates are responsible for disseminating information regarding union matters to the rank and file members, but NSA has only office bearers and not delegates. Neither unions have any full-time officials or office but their organisation and day-to-day running of the affairs are carried out by the respective union executives who are also employees of the mine. However, there is a degree of coordination among each union, and union officials call meetings at certain times to discuss matters of union concern. The unions exist on different wavelengths because they represent different occupational levels, but they also have some common issues.

In both unions, members pay dues each fortnight, but it is not sufficient and they are financially understrength. The apathy or reluctance to contribute more to the union purse has been a problem for Ok Tedi and also a problem for unions in other mines. It makes it very difficult to call strikes which the union could not support because of the financial problems.

It seems that the issues which both unions like to address in meetings with management and raise as industrial issues are those relating to work conditions. It appears that the issues of job grading, housing, and ethnic representation are specific to OTMWU while the other issues such as wages, localisation and training, communication, and claims of racism are of concern to both unions. One omission is safety which is possibly best handled in the mine by management. Some non-industrial issues such as the environment, and the “dependent economic culture” of landowners are also considered in union
meetings. These have implications for the entire welfare of the project. The union officials are alert and active in raising issues or matters concerning the unions in Ok Tedi.

Both unions have had the opportunity to lead their members in pursuit of justice in the case of unfair dismissals at the workplace, and bargain for improved working conditions on behalf of the members. Both unions alleged that terminated employees were not given a fair hearing. There is little time to fight for reinstatement of sacked employees because "as soon as they are terminated they are escorted by security to the airport and sent off" (Post-Courier 1993). The unions have a healthy relationship with their members and have been influential in cooperating and coordinating over issues that have been of major concern for the entire workforce. One such collective action was the strike which occurred in mid-1993 which was said to have resulted from issues ranging from racism, 'suppressive actions' against national workers, and middle management's action in contravention of established procedures and policies.

An obsolete industrial relations system was also blamed for the industrial unrest. It went on for several days and was timed to get the attention of the key Board of Directors meeting in Tabubil, which coincided with the strike. The management and the DUE described the strikes as 'illegal' and warned that they might get the unions deregistered. The union actions were a consequence of what was actually happening at the workplace. There were also other industrial activities that had been taken by the unions. The ones taken by OTMWU were effective in achieving the desired outcome.

One of the most militant strikes in the industrial relations history of PNG was in 1988. The OTMWU accused the management of not paying sufficient attention to accommodation, training and localisation, and a few other issues. The strike which went on for several days was marred by violence. The dispute went through the mundane procedures of the PNG industrial relations system. The subsequent years saw the OTMWU becoming more active in pursuing its members' interests by using strikes as a means of getting its message across. The OTMWU led strikes in March 1993 in support of its outstanding claims for a significant increase in wages and other issues under the mining award. The NSA also supported the dispute which led to the closure of the mine for six days until a favourable outcome was achieved, following negotiations held in Tabubil and Port Moresby.

Another industrial activity was carried out in September 1993 in protest at an intense shift system that had allegedly taken six lives because of 'stress-related ailments' (Post-Courier 1993). More flexibility in the schedule was demanded, as well as medical checks for employees once a month. This and a couple of
other strikes were labelled as 'wildcat disputes'. The NSA, because of their members' salary based payments on contracts, are not as vocal as their fellow-union but issues have arisen mainly on wages and training and localisation issues where conditions of service can be compared unfavourably with expatriates doing similar work (Post-Courier 1992). Although some of the strikes have been termed illegal and wildcat ones, the clear message has been sent to the management and public that industrial relations issues are not dealt with properly by management in the mine.

The adversarial relationship between management and unions still continues in Ok Tedi. However, after the 1988 strike, the unions became more mature and now approach issues in a more careful and orderly manner. The various workplace disputes which occurred after that strike have been settled peacefully (Personal Communication 1994).

The Misima Mine

The Misima open-pit project is located north-east of the Louisiade Archipelago in Milne Bay Province. Although there has been a long history of mining on the island of Misima going back to 1888, large-scale modern mining only began in June 1988. This followed a fourteen months construction period. The project is located in a fairly peaceful environment of some three hundred villagers who have a long history of contact with external economic interests as a result of mining and cash cropping. Despite this exposure, Misima, along with the rest of Milne Bay, remains one of the least economically developed provinces in modern PNG (Gerritsen and MacIntyre 1986). Having a fragile economy that is based on copra production, the mine became a symbol of economic importance not just locally but for the entire country, after the cessation of operations in Bougainville.

After some controversy over the issue of whether to have a mining town or a fly-in-fly-out arrangement for the small skilled expatriate work force, the mine began commercial production in mid-1989. It is small in comparison with other projects in the country. In 1993, it produced 336,985 ounces of gold. Subsequent and extensive exploration which has been carried out by the mine seems to indicate that the estimated life span of ten years will extend by several more years (PNG Resources 1994). The mine is owned by Misima Mines Pty Ltd — Placer Pacific's 80 percent subsidiary with a 20 percent PNG Government interest. Placer Pacific also manages the giant Porgera mine. The mine's work force mainly consists of about 600 Misiman islanders and an estimated 100 expatriate workers who are responsible for carrying out management and technical duties. The Misiman workers commute to work from their own houses, while the expatriate workers rotate on a three-weeks-on-one-week-off
arrangement. They have their families in Cairns, Australia, and while in Misima they live in single camp accommodation where full amenities are provided. A very small number of skilled national workers, who are predominantly from the mainland, also live in the camp. They are there under the auspices of other support companies which are called in to do certain jobs for the mine.

**Industrial Relations**

Misima's industrial relations section is headed by a superintendent who is also responsible for community affairs. This section is part of the human resources division which covers functions such as personnel, training, towns and camp services, and the Cairns office. The industrial relations function is centralised under the community and employee relations superintendent who Reports to the human resources manager. There is one Misiman senior personnel officer who is also responsible for industrial relations matters, but most of the grievances (if there are any) are handled by the expatriate superintendent. He is involved in the day-to-day operation of the industrial relations matters. His other main function is supervising the delicate community relations section.

Speaking generally, given the cultural and ethnic homogeneity of the Misima work force which prides itself on peace and tolerance, there is every likelihood that industrial relations will be good. Everything in Misima seems to run smoothly and there are only a few cases of employees’ grievances. In any case of dismissal, where a worker breached the Company's Code of Conduct (CCC), then a union official, in theory, should appear there. However, there has not been any case since the mine started operating in 1989. The CCC contains rules and regulations on workers’ behaviour, work effort, punctuality, and other general rules which are followed by the workers in their time of employment with the mine. The problem which expatriate supervisors and foremen have with the Misiman workers is the persistent lateness of some groups. It is quite an acute problem at the mine site where there is a two-shift rotation.

**Management**

In Misima, the mine management maintains a paternalistic view in running the industrial relations section. The management style claims to emphasise the casual and informal ways that are appropriate to closely knit isolated communities. In theory, the 'Open Door' policy allows workers to approach the line managers about any issues, but in practice, the management runs the mine with what is said to be the 'close cooperation from the workers' (Personal Communication 1994). The senior management, line managers, and skilled technical workers are from Australia, New Zealand and Canada, and work on a
three-weeks on one-week-off cycle. The management capitalises on the workers’ industrial apathy and only informs them of management decisions or policy changes through the mine’s newsletter *Wala Wasa*.

One feature of the Misima mine management policy is that only Misiman born workers or those related to Misimans by marriage are normally recruited. This recruitment policy is a product of the mine development plan which was negotiated by the Misiman people and the Milne Bay Provincial Government, and has been strictly adhered to by the management. Out of the overwhelming Misiman work force, there is a small number of workers from other parts of PNG who are Misimans by marriage. A few others are on short-term contracts with other support companies, but are accommodated in the Lagua company camp. However, as most of the Misimans are semi-skilled and others are virtually illiterate, the company has an on-the-job training scheme and other training programs for certain sections of workers. The company also sponsors students from the island in secondary and tertiary institutions in Milne Bay and around the country. Unlike the other mines in PNG, the social and industrial environment is relatively trouble free. This is thought to be because of its unique and isolated setting.

**Unions**

In Misima, joining a union is not compulsory, but a significant number of workers belong to the Misima Mine Workers’ Union (MMWU). The 457 members are all manual workers. The staff or salaried workers do not belong to the union nor do they have one of their own. The union was formed in late 1991. Members pay a K2 fee every fortnight. The union employs a general secretary, and has an office inside the district office complex in Bwagaoia, the island’s government and commercial centre.

The first agreement that the MMWU signed with the management was on the 23 September 1993 to be effective for three years. This was the only case that the union has taken up with management since its inception for the members. The negotiations were considered ‘cordial and amicable’. There were no heated or deadlocked discussions, as have been experienced by other unions in the mining industry. The award covers all hourly paid workers, regardless of union membership. The union consulted the PNGTUC before signing the agreement. The executive of the MMWU and the secretary of the PNGTUC had several meetings in Misima and Port Moresby which ironed out and refined several conditions of the award in advance of negotiations with the management. The hourly rates compare well with the other mines in the country. Although this exercise took several weeks of preparation, when it came to negotiate with management it took only a couple of days before the package was signed.
At the workplace, the union in the mine is represented by shop stewards in the sections of mine site, mill, maintenance, and operation. They meet once a month with the union executive in order to sort out union matters. The union executive also meets the superintendent of community and employee relations once a month, in theory, to discuss workers’ grievances, but such meetings don’t usually take place unless someone comes up with an agenda.

The Porgera Mine

The Porgera Joint Venture (PJV) operates a world-class gold mine in terms of its known reserves and currently ranks sixth in the world. The mine is located in Enga in the central highlands — one of the very least developed provinces of PNG. Only superficial infrastructure was in place, and the traditional lifestyles of the local people were intact before the construction of the mine. The ore body at Waruwari is estimated at 311 tonnes of recoverable gold. The development of the Porgera ore body involved the construction of an underground mine through adits, an open-cut (surface) mine, an ore processing facility, and supporting infrastructure. The PNG Government is one of the four equity partners, along with Highlands Gold, Renison Goldfields, and Placer Pacific. The mine is managed by Placer (PNG) Pty. Ltd., which is a subsidiary of the Canadian mining conglomerate, Placer Dome. The mine started production in 1990 after several years of construction. Initial costs exceeded more than USD 1000 million.

The mine provides single accommodation for nearly the whole workforce, in three on-site camps. Employees work on a schedule of twelve hours a day, seven days a week for twenty days, and this is followed by a field break of 10 days. The mine, in its six years of operation so far, has been fraught with social, political, and industrial problems that have been caused by various interest groups. As well as this list, safety problems have become another nightmare for the mine. One of the worst social problems was in late 1991, when company premises were looted and workers were injured. This resulted from a confrontation between squatter settlers and policemen from the controversial Rapid Deployment Unit. The latest political wrangle between the company and Government saw the latter successfully increasing its equity share by 15 percent from the original 10 percent giving it a 25 percent shareholding in the four-group joint venture.

There has been industrial action taken by some groups of disgruntled employees in some of the mine’s operations. This has been largely unorganised and in the form of wildcat strikes. However, the more unified one, which was spearheaded by the PMAWU has been the most prolonged award renegotiation issue in PNG. The dispute took some 14 months to resolve and involved a series of spectacular dramas, which saw landowners and squatters joining in to give
moral support, numerous stand-offs in negotiations, and Government interference. In the middle of 1994, the last drama came in the form of a massive explosion which killed six nationals and five Australians and brought large-scale destruction to the mine. The mine was shut for a week, and terrified and shocked employees were airlifted home. The incident was one of the country’s worst mining disasters in terms of loss of lives and property damage which amounted to several hundred million kina. The mine has recovered from this setback and continues to play a dominant role in the PNG mining industry.

**Industrial Relations**

Industrial relations in Porgera have received much publicity, particularly at the time of the award renegotiation saga. The issue highlighted the mode of employee relationship that exists in the mine. There was an aggressive and uncompromising union with an equally stubborn but intimidating management working in a volatile social and industrial environment. In the workplace, the company (like the other mines) has an ‘Open Door’ policy. The aim is to establish an atmosphere in which there can be trust and understanding between employees at all levels. The company has also in place a Grievances and Disciplinary Policy which gives aggrieved employees the right to fair treatment. In practice, it is a ‘direct contradiction against those ‘so-called’ open door and grievance policies’ because there have been many irregularities and oversights in making decisions (Personal Communication 1994).

The workplace issues are handled by a personnel superintendent with the help of a senior industrial relations officer who coordinates the industrial relations section. There are another two industrial relations officers: one is responsible for dealing with staff and departmental heads from the underground mine, community affairs, mill engineering, and supply departments, while the other is responsible for the surface mine, administration, maintenance, and accounts departments. Industrial relations in Porgera since the opening of the mine have been seen as paternalistic, if not colonial, to most of the employees. To the union executives, it was considered ‘rough’ and ‘hostile’ to their very presence (Personal Communication 1994). However, there are some signs of increased emphasis on the employee relations aspects of the mine. The primary union-management contact is the line management head, with assistant personnel relations officers getting involved at some stage. Such contacts are mostly convened to discuss suspensions and summary dismissals, and what would be regular union-management meetings are in the course of being developed to have a monthly meeting in place. This is to enable the parties to maintain good communications concerning the work force generally.
Management

If one is to understand industrial relations in Porgera, management is a good place to start. The managing director, who is responsible for Placer Pacific operations in PNG, and the general manager for Porgera are located in Port Moresby. This leaves the site manager and the rest of the expatriate senior line managers in Porgera to manage the mine while important decisions are channelled to the city office. Management in Porgera have long been accused of hostility, exploitation, confrontation, and intimidation, and seen as using heavy-handed tactics in their relations with the workforce. It is alleged that the company tries to intimidate employees so that management decisions will not be questioned.

PJV’s management attitude towards trade union activity has been a mixture of controlled hostility and cooperation. The top management has treated the PMAWU with contempt, and it was not surprising to see that one of the major issues of the recent award renegotiation issues was recognition for trade union activities in the mine. The management’s perception of the workers as, first and foremost, tribesmen rather than members of an industrial working class made it difficult for them to recognise the PMAWU in the beginning or to tolerate its activities. It is a fact in Porgera that open union activity is not allowed in the mine site. Union officials are not allowed to enter the site. Past clashes have told the story that union business is a ‘thing of the outside’ (Personal Communication 1994). If this is true, the PMAWU has struggled hard to establish itself in Porgera without management assistance. However, management has, in some instances, cooperated with the union on matters of entire employees’ interests. Its deliberate decision to ignore decisions of government institutions such as the DLI concerning reinstatement of sacked employees following their participation in a legal strike was seen by many as showing contempt for the industrial relations laws of the country.

Fortunately for the management at Porgera, they did not have to train a whole workforce as there were many people with skills and experience from other mines, who were available. The management has been seen as not doing enough to establish training schemes for school leavers or for current employees to be taught and trained on the aspects of mine work. Nearly 15 percent of the national mining workforce who carry out specialised jobs are former displaced Bougainville copper mine employees. The company does not have a separate training department. A training division exists within the personnel department but it has few training facilities and scant equipment, and has to compete with other departments for funds to carry out its training courses and activities. The few training schemes that the company provides have been described by critics as ‘superficial’ and ‘tantamount to exploitation of employees’ (Personal
Communication 1994). In fact, the illiterate Porgerans are normally trained on-the-job in areas such as machine operations, underground mining and other activities, without the benefit of any theoretical classroom instructions. The company’s training and localisation policy has not been impressive. The entire senior line management in the administration and technical areas are expatriates, with only a couple of semi-senior superintendent positions in the community relations and security positions being held by nationals. However, the company does make a significant financial contribution to student sponsorship programs in educational institutions in the country.

At the workplace, the management uses a ‘hard-nose’ style to control the employees. It is alleged that complaints or disagreements are often met with threats of termination. There are many cases in which the rights of appeal and a fair hearing have been disregarded by supervisors. The ‘heavy-handed’ tactics of the management create insecurity amongst national staff without a union, as well as among the manual workers. In theory, the open door policy and grievances policy work, but in practice, ‘workers are terminated and escorted to the buses and chopper’ without a fair appeal (Personal Communication 1994). Workers are fearful and reluctant to discuss any matter with their supervisors and line managers because they might be penalised for bringing things out in the open, let alone taking them to the union (ibid.).

Unions

In 1994, the Porgera mine had a work force of approximately 2,000, of which 1,600 are award employees who perform mainly manual jobs and belong to the PMAWU. Most of the skilled expatriate work force and the national white-collar employees are employed on a contract basis, and do not belong to any union. The union was registered in early 1990 and is headed by a five-member executive. However, only the General Secretary is a full-time union employee. There are shop stewards representing the union in each important area of the mine’s operation. The executive and most of the shop stewards are Engans. Their no-nonsense attitudes have been very influential in trade union activities such as strikes and negotiations. However, like other unions in the mining industry, the PMAWU is known as a militant union because of its approach to negotiations with management and other industrial activities in Porgera.

Thus, there are several things that can be said about the PMAWU. The union has struggled to establish itself since its official registration. The unionisation of the blue-collar work force has been achieved as a result of untiring and brave work by the executive, especially by the current General Secretary who has been physically insulted by armed company security guards with dogs because he entered the mine site. The PJV management has, to some extent, tried to manage
the mine without unions, but the sheer determination and effort put in by several workers and executives of the PMAWU has paid off. For the white-collar employees, there is a 'pressing need' for a staff organisation similar to the one in Ok Tedi, but the employees have been too apprehensive to 'even talk about it' for fear of being penalised (Personal Communication 1994). An employee was allegedly sacked for conspiring to organise a staff union in 1992, which was not in the best interest of the management. The PMAWU, on the other hand, was quick to establish itself because many employees had already been union members at previous workplaces (for example, the Bougainville copper mine), and given their work conditions and experiences, management were not able to resist the pressure.

The PMAWU's ability to represent workers in negotiations was most noticeable at the recent major award renegotiation. On other occasions the union has represented workers with workplace grievances. There have been several cases where the union has led the members on wildcat strikes to draw attention to some acute issues. For example, there was a car smashing spree by workers in 1991. However, on some occasions, the union's organisational solidarity was brought into question when some sections of the work force saw fit to go on a wildcat strike, without the cooperation of the entire movement. The 1993 walkout for several days by the underground miners, allegedly over low pay and unsafe working conditions, was shortlived. It came to an end when the management and DEH declared the dispute illegal. The union's major test came in late 1993 when the existing award was up for renegotiation. The major issues were a substantial wage increase, and accommodation for workers on site. The renegotiation became one of the longest disputes in industrial relations history in PNG. The union's failure to rationalise issues and a display of limited bargaining skills by union leaders had an adverse impact on the outcome.

Major Issues and Themes

In a comparative perspective, several major issues and themes can be drawn from the discussion of the three mines in their approach to industrial relations in the workplace. These are the range of similarities in issues and variations in relationships between the two parties. The issues are wages, safety, training and localisation, management practice, and accommodation (except at Misima). Some of the unions have pursued these issues through the appropriate channels, but violence has been used, both to draw attention to the magnitude of the issues and as a tactic to consolidate a bargaining position. Management's relationship with the unions varies from one mine to the next. Ok Tedi's management acknowledges union activities, but with the other two mines, the relationship is characterised by paternalism and hospitality.
The central theme which will be discussed further is that there must be full acceptance by management of legitimate union activity in the mines. A systematically structured employment department is needed with well-qualified officers to respond to workplace issues. On the other hand, the unions are fraught with their own structural problems of organisation and resources and lack the competence to address grievances in negotiations. The rush to other avenues of settlement dispute without making full use of the workplace negotiation situation has been aggravated by this problem of the lack of bargaining knowledge and skills. It is also aggravated by an unyielding management. However, it is anticipated that the present adversarial situation will change when both parties make a concerted effort to reverse the trend and come up with alternative strategies to make the employment relationship more mutually acceptable.
CHAPTER 4: THE PNG INDUSTRIAL RELATIONS SYSTEM

The Industrial Relations System

Papua New Guinea inherited its industrial relations system from Australia in 1975 when it gained political independence. The industrial relations machinery which accommodated the mechanisms of compulsory conciliation and arbitration needed a tripartite relationship of trade unions, employers’ organisations, and the State in order to make the system function. The State made it a policy, soon after independence, to facilitate the process for unionisation of both the public and private sector work forces. Before independence, there was only patchy union activity with a few notable exceptions in the public service and in some strategic sections of the private sector. As a result of the affirmative action by the State, more than 50 unions were registered after 1975. The underlying principle behind this exercise was that the unions were to perform the function of articulating worker grievances and representing the collective interests of workers in both direct negotiations and formal industrial relations tribunal proceedings. In such a system, the expectation was that the union organisation would be competent and that this would ensure the effectiveness of the system. The well-established employers’ organisations were ready to use the system as matters arose.

In this setting, if the unions were unable to represent their members in taking up grievances, then the process of conciliation and arbitration worked in favour of the other participating parties; that is, the workplace issues which could have been addressed, such as wages and other working conditions, remained unchanged. Private sector unions have occasionally appeared on Minimum Wages Board determinations which have directly influenced wages settlements (see Figure 3). With these exceptions, unions have not properly addressed the workers’ grievances and the system as a whole has failed to come up with equitable, long-term solutions.

In general, PNG unions have remained weak. They have not used the industrial relations process of conciliation and arbitration to full advantage. Out of 1278 disputes recorded between 1963 and 1982, only 18 percent went to arbitration while most were merely ‘ignored’ by the various employers. A few significant cases were solved by conciliation (Daley 1983:85). Some commentators have identified the factors responsible for this dismal performance in relation to the legacy of colonial labour practice, the constrained nature of the economy, the narrow perception of unions by some groups of workers, and the relative weakness of the State organisation (Hess 1989; Imbun 1992). In this context, the unions in the mining sector have performed quite well despite some
unique problems in utilising the established industrial relations machinery. This is largely because of their strategic location in the economy.

**Figure 3: PNG Private Sector Industrial Relations System**

![Diagram](image_url)

Source: M. Daley, 1987: Chart IV

**The Participants**

There are three main participants in PNG industrial relations — the Government, the employers’ associations, and the trade unions. There are also tribunals in place but these have become largely defunct over the years through lack of demand.

Only the MWB is used as a viable avenue to settle wage classification for the workers in Papua New Guinea (see Figure 4). They perform the role of upholding the industrial relations system and ensure that their respective roles are acceptable to the representatives of the organisations which they represent.

All participants have encountered challenges and problems in their own areas of operations. It is worth looking at their respective roles and expectations of those whom they represent, in the wider context.
The PNG Industrial Relations System

Figure 4: Participants in the PNG Industrial Relations System

Employers
- Peak Employers’ Bodies
- PNG Employers’ Federation
- PNG Chamber of Mines and Petroleum
- Different Mines
- PNG Chamber of Manufacturers
- Individual Firms
- Individual Workplace
- Managers

Unions
- Peak Trade Union Bodies
- PNG Trade Union Congress
- Individual Mining Unions
- Public Employees’ Association
- Teachers’ Association
- Unions at Shop Floor Level
- Shop Committees
- Individual Workers

Government
- National Government
- Department of Labour and Employment
- Supreme Court
- National Court
- Local Court

Tribunals
- Industrial Relations Tribunal
- Minimum Wages Board
- Commission of Inquiry
- Industrial Councils

The Government

Like governments elsewhere, the PNG Government’s role is threefold in its interaction with the industrial relations system. First, it legislates (through Parliament) on the workplace, by establishing substantive rules on leave, working hours, and in what form the wages should be paid. Second, the Government influences the general economic environment of industrial relations through its policies on such matters as incomes, employment, inflation, and tariff protection. Third, as the Government is the largest employer in the country, the wages and conditions paid to public servants set standards which may affect wages and
conditions in private industry. The final role that the Government plays (which is more relevant to this discussion) is in the area of establishing procedural rules to limit the ways in which employers and employees may conduct their negotiations and settle their disputes.

This administrative role of the Government has been in the hands of the DLE, which is the agent for overseeing the relationship of employees and employers at the workplace. The laws pertaining to the employment relationship are the crux of the DLE's activities. In PNG, the legislation which has the greatest impact on the industrial relations system is the *Industrial Organisation Act* and the *Industrial Relations Act*, both enacted in 1963 by the colonial administration. Only minor amendments have been made to the Acts. The *Industrial Organisation Act* allows the workers to form their own unions, while the *Industrial Relations Act* allows for the existence of industrial relations processes such as Industry Councils, Boards of Inquiry and direct negotiation, as well as compulsory conciliation and arbitration. These laws set up the voluntary framework for employers and trade unions to meet in order to settle disputes and allow the Government (in this case the DLE) to intervene in certain circumstances. However, it was to be left to the unions and employers to come up with viable agreements governing the conditions of work. Thus, it is up to the courts to see that employers and employees abide by the legal requirements of the workplace.

In an effort to improve the industrial environment and make the existing industrial relations system more productive, the DLE opened up provincial labour offices in all the provinces of the country. The provincial labour officer was responsible for minor labour disputes within the province, but more serious ones were attended to by an industrial relations officer from Port Moresby. In a further move in 1972, the DLE created the Bureau of Industrial Organisations (BIO). The bureau was established following recommendations from the International Labour Organisation to aid the fledgling union. It was a statutory body, and operated under a tripartite Board of Management, with the tasks of helping workers to form unions and educating the union officials in the working of an industrial relations system. However, the BIO failed to achieve its objectives because of lack of funds and mixed reactions from the already established unions that felt they were being manipulated by the Government (Hess 1989:114).

A subsequent initiative by the DLE was the establishment of the Labour Advisory Council (LAC) of Papua New Guinea. Its purpose was to bring about changes to some aspects of the industrial relations Acts which were thought to need attention. Some of the changes included methods of improving industrial relations to achieve high levels of employment and productivity (Daley 1987).
Ironically, in 1974, the LAC disbanded because the parties could not agree on the proposed amendments (Gissua 1993). In 1982, another attempt was made by the DLE when a tripartite working party arrived at some possible amendments. These were read in the Parliament but then abandoned because the unions felt that some of the changes were detrimental to their growth and process. The latest attempt was in 1989 when the DLE once again spearheaded the formation of a National Tripartite Council (NTC) which was similar in function to the previous LAC. However, the current status of the NTC is still in limbo as it struggles for legal recognition.

What is apparent is that the political and bureaucratic attempts to ‘improve’ the industrial relations machinery have failed. In the meantime, the DLE has restricted its activities to responding to events when they receive information about company malpractice. The department has done well in stationing its industrial relations officers on each of the main resource project sites to facilitate the process of the workplace resolving the disputes. Sometimes referred to as the Secretary’s Delegate, they have been assigned to particular disputes (such as Porgera Award Renegotiation) to play a reconciliation role between the mining unions and management. On most occasions, as the disputes gained momentum, their inputs became minimal. The DLE, through its senior officers, has acted as the conciliator, usually in Port Moresby. If a dispute was not settled, the Department responded by establishing a Commission of Inquiry to settle the case. Various industrial cases from the mining industry and other sectors have been looked at and dealt with on an ad hoc basis. Any further proposals which make changes to the industrial relations system to enhance effective performance should take account of the workplace views as a vital component (Gissua 1993).

The Employers’ Association

Employers’ organisations in any country do two major jobs. One is to promote and represent the trade interests of their members. This is done mainly by keeping an eye on the Government to make sure that their policies are not detrimental to the trade of the members but will positively help and encourage it. The second is to determine the conditions upon which its members will employ labour. In addition, and depending on economic circumstances, employers’ organisations vary in function, from representing their members solely for commercial and trade interests, to acting as industrial relations agents for their members.

The Employers’ Federation of Papua New Guinea was registered as an industrial organisation in 1963, and was one of the first four to be registered under the Industrial Organisation Act. Since then, it has represented members in industrial relations cases, but as companies have expanded, they have taken the
function of industrial relations into their own sphere of management operations. There is also the Port Moresby Chamber of Commerce which has fellow organisations in the major provincial towns. The PNG Chamber of Manufacturers has a branch in the plantation sector, representing growers. Their main function has been to represent their members in setting minimum wages in the country (Imbun 1994).

The mining industry is represented by the PNG Chamber of Mines and Petroleum, which has an office in Port Moresby and is headed by an Executive Officer. This organisation acts as the mouthpiece of the companies that are engaged in the mining and petroleum sector. The membership comprises 115 companies, including the management companies in the mines, as well as support companies whose business relates entirely to the industry. The Chamber plays several roles, with the aim of serving the interests of the industry. It liaises and consults with the bureaucracy and Government on matters pertaining to the industry, and also engages in public relations exercises. The Chamber promotes education and training at all levels and sponsors training schemes in universities and colleges. Conferences and other seminars relating to the industry are coordinated and run by the organisation.

However, industrial relations matters have become the exclusive preserve of the individual management in the mining projects. They have represented themselves in major industrial relations disputes, with close backing from their parent companies and joint venture partners. It appears that, in the mines, some industrial relations officials have a shallow understanding of the industrial relations practice and treat the issues superficially. This allows an adversarial relationship between management and the work force to develop. This is a major deficiency in the management of industrial relations. Some of the issues that trigger large-scale disputes in the industry arise from minor incidents. Competent industrial relations officers would be able to resolve them without things getting out of proportion. The problem is a lack of properly trained industrial relations personnel to attend to the issues and resolve them effectively.

In order to acknowledge industrial relations issues as an integral part of management in pursuit of mining operations in the country, the mines have to establish an industrial organisation. This organisation will represent the interests of the mining industry and deal with renegotiation award issues and other union grievances. Such an organisation will set comparative wages and other conditions for the industry in consultation with a union organisation. It will go a long way towards setting an orderly pattern of conflict resolution in the mining industry.
The Trade Unions

Unions exist to provide direct services to their members, improve conditions of employment, provide security, and set political objectives. There are many unions in the country, but only a few have the ability to represent their members in industrial disputes and provide other services to their members.

The strongest unions are found in the mining industry whose strategic position in the economy gives them an edge in any industrial endeavour that they pursue. They are affiliated with the PNGTUC, along with a few other unions in the private sector and several in the public sector. Because of political and other differences, some of the largest public sector organisations (for example, the Public Employees’ Association, the Police Association, and the Teachers’ Association) prefer to maintain their own affairs.

The mining unions have, on most occasions, pursued their industrial activities with very little input from the PNGTUC. Sometimes, the PNGTUC has helped in the negotiation stage of disputes by helping with strategies, and in some cases the General Secretary has been available to help. Occasional educational programs have been run for the affiliate members in which the mining union officials have participated. Apart from that, they offer very limited assistance. Without support from the PNGTUC the mining unions struggle to represent their members in industrial disputes in front of some determined management.

The most pressing issues concern wages, accommodation, training and localisation, safety, and recognition of trade union activities. There are also some potential issues ranging from radical confrontation within the work force to macho-management styles where workers are told to follow orders from the management, without consultation or feedback. These issues have been taken up by the unions, at the workplace, with very little success because of the entrenched attitudes of management. Often, the disputes have been resolved with the aid of a third party.

The key problems are more to do with resources. The various unions do not have the financial capacity to run their organisations independently, without management assistance. Even if they do have an office, basic office furniture and machines are often lacking. A lack of full-time union officials is another acute problem that the mining unions are currently facing. This is also the result of a lack of financial resources. In the three mines, the entire union executive (apart from the full-time secretaries in Misima and Porgera) comprises employees of the mine. This often puts them in a difficult position. They are inhibited from pursuing union aspirations for fear of losing their jobs. Apart from the lack of resources, the unions also face the difficulty of having officials
with very rudimentary union knowledge leading the separate unions in dispute settlement. They have limited negotiation skills and little knowledge of procedures. For these and other reasons some industrial disputes have resulted in emotional and violent confrontations with the management. The unions would benefit if educational campaigns were organised for them as well as leadership training skills and union administration procedures to help them to provide a more efficient service to their members.

The problems will persist as long as the unions operate under the current structure. However, there has recently been an attempt made by the mining unions to form a single mining industry union. This would be formed from an amalgamation of the existing mining unions, including those formed at any new mines. If this eventuates, it will boost the power base for other mining unions and establish a resource pool for member unions. It will add a dynamic dimension into the collective bargaining for member unions by providing a much-needed balance with management.

The Tribunals

In theory, the tribunals are there. However, in practice, their presence has not been felt because unions and management have resolved their disputes without help. Also, an absence of skilled advocates has made the tribunal system inflexible. There have been various Commissions of Inquiry on various industrial disputes as well as the MWB determinations that take place every three years to set wages for the country. They have been effective, and their impact is felt not only in the work force, but also elsewhere.

The following discussion details the actual dispute settlements that have taken place and how effectively the mining unions have conducted themselves in the presence of the other partners. It highlights the strategies that they have adopted to pursue their grievances. The conclusion is that, with the existence of a peak union, the disputes could have been resolved in a more orderly and competent manner.
CHAPTER 5: DISPUTE SETTLEMENT IN THE MINING INDUSTRY

The Dispute Settlement Process

In Papua New Guinea, the Industrial Relations Act allows for the settlement of disputes through several avenues. The issues can be resolved at the workplace through direct negotiation (collective bargaining), the parties can attempt conciliation with the aid of a third party (a facilitator), or they might go to arbitration. The last process has been rarely used in the country because of the lack of a tribunal system. In most cases, parties in disputes have not favoured arbitration because of the associated penalties. Where there was no alternative, a Commission of Inquiry, made up of politicians and other prominent persons, would be set up (see Figure 5). The Commissions of Inquiry have come to play an important part in dispute resolution in the mining industry.

Figure 5: The Industrial Dispute Settlement Process in Mines

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Environment
  ▲
Economic and Other Industrial Issues
  ▲
Wildcat and Legal Strikes
  ▲
Workers and Stewards (grievance procedures)
  ▲
NEOTIATION
  ▲
Production Management
  ▲
Political Level
  ▲
Commission of Inquiry

Institutional Level
  ▲
Unions
  ▲
DLE Conciliators
  ▲
Companies
```
In the mining industry, industrial dispute settlement has been achieved through the processes already mentioned. Procedures at shop floor level have worked well for settling particular grievances such as dismissal of an employee for engaging in union activities. However, there have been serious difficulties in resolving larger issues such as the renegotiation of wages. In all the major disputes that have occurred in the mines, there was an effort (at least on the union's part) to resolve the grievances through negotiation at the shop floor level. This approach has been advocated by the DLE whose position is that the parties should exhaust all available avenues before allowing third parties to intervene. Some interesting strategies have been used by the parties in settling disputes.

The first major dispute in the mining industry occurred in 1975 between the Bougainville Mine Workers' Union (BMWU) and Bougainville Copper Limited (BCL). It arose out of a wage issue in which the lowest paid employees were denied the minimum wage set by the Urban Minimum Wages Board. BCL was very slow to act after the initial meeting with the BMWU. The higher wage issue, together with a demand for better working conditions, triggered one of the most militant and violent strikes in the history of industrial relations in PNG. A two-day strike in May saw the union going on a burning and looting spree of company offices and properties which inevitably brought a bitter confrontation with armed police. The damage and production losses amounted to millions of kina and paralysed the industry. In the end, the dispute was resolved through a hastily installed Commission of Inquiry which called for a positive response to the demands. BCL met the demands. More strikes occurred in the subsequent years but none on the same scale as the first one.

When the Ok Tedi mine came into production in the early 1980s, it had several industrial problems. The most serious was the notorious 1989 dispute during which all the avenues for compromise were exhausted and strikers violently ransacked the mining site and town properties for the duration of the strike. This went on for more than fifteen days and was an obvious repeat of the previous BMWU's strike tactics where physical intimidation and damage were used to its advantage. The dispute arose out of several outstanding demands which were not contained in the existing award. In order of significance, they were housing, training and localisation, and a demand for the removal of two line managers whose manner was seen as dictatorial and who did not consult workers when major decisions were being taken.

These demands, which were taken up by a militant union, triggered one of the most complex disputes which the PNG industrial relations system has ever had to face. The dispute lasted for five months. Riot police were brought in to maintain order in a confrontational and volatile atmosphere. The management and union seemed far from agreement. However, the Government intervened after all
avenues had been exhausted, and arbitration ruled out for fear of penalties. In the
dispute, Ok Tedi management steadfastly refused to address the housing issue
because of its unfavourable financial position. They claimed that training and
localisation was not an issue as it was progressing well in the various
departments of the mine. In regard to the dismissal of the line managers, the
management insisted that the union was interfering with managerial decisions
which were none of their business.

A Government initiated Board of inquiry led the management into producing
a comprehensive housing package for the workers. The board also wanted the
management to reconsider some of its recommendations regarding the exercise of
managerial responsibility in the allocation of tasks. It also called for the
replacement of one of the expatriate line managers and put a freeze on the work
permits allowed for the company to recruit expatriate personnel until
arrangements were made within the company to ensure the training and
localisation programs were implemented. It was obvious that the outcomes of
this dispute favoured the union as much as with the BMWU’s disputes.
However, the question is, ‘Did the tactics that were adopted by the respective
unions in publicising the issues play a part in the outcome?’. 

A more recent industrial dispute, the 1993-95 Porgera award renegotiation
dispute took almost 17 months to resolve. Unlike the previous violent disputes,
the Porgera case was mainly fought between the PMAWU and PJV management
in numerous negotiations. The dispute became complicated when the union
demanded a hefty wage increase, accommodation on site for all employees, leave
provisions, maternity leave, and recognition of trade union activities. From the
beginning, it was evident that the management’s response was relatively negative
and a strike was called by the PMAWU in mid-April 1994. PJV responded
quickly and sought a restraining order from the National Court that barred the
strike from going ahead. Subsequently, a series of dramas followed. The
General Secretary of the PMAWU was arrested for a trivial incident, and striking
workers were locked out by the management. These events had an adverse
impact on what would have been an organised strike. Despite the hiccups, the
union did go on strike for five days until the two parties agreed to resume
negotiations.

Interestingly, however, the dispute escalated when the entire Enga Province
(not only the Porgera people) and the politicians backed the union in calling for
PJV to put in married accommodation. Porgerans and other Engans showed up
on the day of the strike to give ‘moral’ support to the union.

Politicians were able to publicly encourage the union to get the best deal for
workers and the country ‘in terms of development’. As the entire union
executive was from Enga, that made the negotiations harder because ‘we did not want to back-off from the important issue because of the workers’ and people’s shared aspirations on that issue’ (Personal Communication 1994).

The intervention of the DLE and the PNGTUC did not change the two parties’ original position (see Figure 6). The negotiations became more complex when the PMAWU demanded that 30 of its terminated members (who were reportedly sacked for failing to turn up for work after the strike) be reinstated before renegotiation commenced with the management. The matter was disputed in court and the lengthy dispute took its toll on both parties.

There was willingness on the side of management to agree to a wage increase of approximately 17 percent, but they would not meet the union’s demand for 20 percent. Management was unwilling to negotiate on accommodation, which was the single most important issue for the unions, because it was not addressed in the first award. Also, it maintained that it was the responsibility of the Enga Task Force (an arm of the Enga Provincial Government) to oversee the housing project of the mine, as it was collecting royalties from the mine.

Even if the management had been asked to consider housing at the start of the mine (it was argued), the joint venture partners could not have proceeded with it because it would not have been financially viable. Management was still prepared to discuss other matters on a case by case basis.

However, in February 1995, after attending negotiations in Port Moresby, both parties signed the much awaited award. However, one of the casualties was the President of the PMAWU who was sacked for incompetence by the union. In this case, the outcome was favourable for the management because the accommodation issue was seen (at least for the time being) as a non-award issue, and other working conditions were not significantly altered from the management’s previous position. The workers even missed out on the backdated payments from the expiry of the last award.
Figure 6: Analysis of Porgera Award Renegotiation

Environment  Participants  Processes  Outcomes

Economic
low wages

Technological
unsafe working conditions

Political
eager to see mining town

Social Level
union executives from Enga share sentiments on housing as a major issue

Higher Order
Industrial Relations
from procedures of negotiated settlements

Local Industrial
Relations
short history of bad Industrial relations

Economic
low wages

Technological
unsafe working conditions

Political
eager to see mining town

Social Level
union executives from Enga share sentiments on housing as a major issue

Higher Order
Industrial Relations
from procedures of negotiated settlements

Local Industrial
Relations
short history of bad Industrial relations

PJV Management
Line managers

PMAWU members
PMAWU executives

direct employee communication

the actual negotiations

mobilisation of solidarity

popular support from Enga people including politicians

direct employee communication

direct employee communication

mobilisation of solidarity

popular support from Enga people including politicians

direct employee communication

direct employee communication

mobilisation of solidarity

popular support from Enga people including politicians

DLE conciliators

PNGTUC

Local Court

numerous negotiation sessions with DLE officers as conciliators

PNGTUC officials

local court in Porgera, and Mt Hagen local and national courts
Strategies in Industrial Disputes

The three important disputes highlight several important aspects of employment relationships in the PNG mining industry. Similar issues confront the employees in the various mines. These are wages, accommodation, safety, a demand for improvement in other working conditions, and recognition for trade union activities, particularly the PMAWU. The unions have made their grievances known after an award has failed to accommodate the provisions or when a new one was coming up for renewal. Although such issues are shared by almost all unions in the country, it is more acute in a mining industry which is characterised by isolation and the physically demanding work. However, what is most intriguing here is the manner in which the union advocated its grievances and the management's response to them. The strategies that were used in the course of negotiating the various disputes could be used again within the industry.

Both management and unions rely on certain strategies to establish their positions in industrial relations disputes. Often, broad strategies guide the behaviour of parties towards achieving productive industrial relations in the workplace. According to Thomson (1984:435), a strategy is a plan that is designed in advance, and which sets out the steps to be taken in the pursuit of some stated objectives. It consists of an action plan which establishes the appropriate methods or actions to be used to secure the desired ends. In the case of dispute settlement, the management in the cases that were discussed have kept rigidly to their strategies from the beginning. However, the strategies that the unions have adopted have been either in reaction to the management’s position or an ad hoc approach resulting from rank and file pressure. They lack a coherent approach to pursue their claims. and as one union leader admitted, their strategies were mostly shaped to ‘counteract’ the management position in the negotiations (Personal Communication 1994). The strategies that have been applied in the disputes so far illustrate both parties’ views of how they want to pursue their plans of action in order to achieve the desired outcome.

It is evident from the disputes that unions are very well aware of the rights of the workers in the mining industry. One of the first strategies of the unions has been to successfully mobilise their members and brief them about the pending grievances, or some of the issues that they are to pursue as a team. In such meetings, the union leaders often build such a high level of expectation amongst the rank and file members that, in negotiations, they have to struggle not to lose face. However, the union leaders have often had problems in prioritising grievances and deciding which issues can most usefully be raised with the
management. They sometimes get themselves entangled with issues where there is a genuine managerial prerogative, or with political matters that are not true industrial issues. The cases of the termination in Ok Tedi, and the accommodation issue in Porgera were real industrial concerns. Those issues are complex and adequate research must be done on the part of the unions to back up their claims. Without full-time union officials, such problems will not be resolved.

When industrial relations issues have been brought to the attention of management, by unions, they have tended to be deliberately non-responsive or give them a low profile. The management strategy of trivialising the union issues or merely failing to attend to them indicates a paternalistic mode of managing employment relations in these mines. Management's perception of the subsistence environment (from which most of the workers come) and the limited exposure that most workers have had to the modern economy are some reasons for the inadequate response to their grievances. The management would be less likely to adopt a wait and see attitude in Australia or Canada. Management's failure to respond to the outstanding issues of the union is bound to lead to discontent.

**Flaws in Negotiations**

On the unions' part, there is a general belief that workplace negotiations are unproductive. Of the numerous times that the parties have met to discuss issues, they have seldom been able to settle the issues without the possibility of strike action arising. This does not only apply to the mining industry, but as the current secretary for DEL once said, 'Unions and management do not know how to talk to each other'. When unions and management in the various mines start from extreme positions, negotiations can quickly reach a stalemate. One of the major weaknesses of the unions has been the failure to develop a realistic and convincing negotiating strategy. The problem is that some union leaders have very rudimentary negotiating skills and are not knowledgeable about procedural matters. The Porgera award renegotiations was a case in which some of the negotiating sessions were marred by the union's apparent discourtesy and inappropriate behaviour. The dispute was prolonged by the union's rigid stand on some of the major issues. This made it more difficult to deal with the minor issues. With such shallow negotiation skills and an unyielding management in the initial collective bargaining situation, parties tend to hurry onto the next phase of the dispute resolution process.

All the disputes that have been mentioned have, at some stage, reached the conciliation process. In this phase, with the involvement of industrial relations officers from the DEL, there is usually very little progress because DEL officials-
have not come forward with constructive strategies to bring the parties closer to settlement. First, neither party has shown flexibility, and second, the process of conciliation took too long and there was no fall-back position (Gissua 1993). It was a futile exercise with little benefit other than the need to comply with the system. With such a pessimistic approach from the unions from the beginning, it is not surprising that their next strategy was strike action. As some union leaders admitted, the bipartite, and even the first phase of tripartite negotiations are time-consuming, with no useful outcomes.

**Favoured Strategies**

The mining unions tend to favour strikes as a useful tactic in pursuance of their objectives. In the disputes already mentioned and others, strike action has been favoured by unions for several reasons. First, the major issues have surfaced after some form of wildcat strikes had already taken place. This took place in Ok Tedi when operators walked out following the imposition of another shift to an already laborious two-shift system. The mine manager who was responsible for introducing the new system — without consultation — was eventually removed. Similarly, in Porgera in 1991, the underground miners maintained a wildcat strike for several days. The same grievances were repeated in the 1993 award renegotiation dispute. Although the action was taken in isolation and without prior consultation with their unions, the wildcat strike successfully drew attention to their grievances. Subsequently, the unions took up the grievances, and a full-scale strike led to third party intervention to resolve the issues.

However, in some cases, management in these mines successfully avoided giving ground in negotiations, or having to face a full-blown strike by shifting negotiations to Port Moresby. This strategy of finding an "appropriate" environment that is more conducive to settling grievances has worked well for them, even though they have been obliged to meet the expenses of airfares and accommodation. The strategy is to isolate the union’s negotiating team from the rank and file members, and also to involve senior industrial relations officers from the DLI in the negotiations. Ok Tedi did that in late 1992 and got its award renegotiation settled. Also, Misima had its negotiations the next year in Port Moresby. Porgera adopted the same approach after every attempt in negotiations at the mine site failed in its prolonged award renegotiation dispute. After almost three weeks in hotel-held negotiations in Port Moresby in early 1995, the parties finally reached agreement. When management and the union are together in such a cosy atmosphere, at management’s expense, the union’s attitude tends to soften.

The staging of strikes by unions has taken an increasingly violent form in these mines. This demonstrates the frustration and disappointment of the
workers when the initial outcome is unfavourable. It also demonstrates a dislike of the policies and practice of the management, and the way that they have conducted industrial relations in the mines over the years. However, the physical damage to mine properties and the uncompromising aggressive behaviour of the strikers has been a ploy developed by the unions to draw immediate political attention to their plight. Some union leaders admit that the violent actions of union members during strikes were not spontaneous, but had the full backing of the union leaders to 'publicise the emotional importance of this issue and to make the management 'see' the genuine demands of the union' (Personal Communication 1994).

The strategy successfully gained the attention of the Government, but the quotation remains as to whether it was an appropriate course of action. For the unions, it was appropriate because even if they had been able to maintain an orderly strike (with picket lines in the mine entrances) they could not have withstood the full brunt of the striking period because they lacked the financial capacity. In order not to lose face, a violent strike was necessary, not only to draw attention to their grievances, but also to demonstrate the seriousness of the dispute. The peak union organisation said of the Ok Tedi strike in 1989 that; 'without that (violent) action the issues would never have been addressed' (Hess and Giussa 1992:50). If this is the trend that unionism is to take in PNG, it is heading for trouble.

Future Prospects

It is worth looking at the future outlook for employment relations between the workers and management in the PNG mines. It is evident that there must be an efficient industrial relations system in place for the benefit of all parties. Industrial relations would be improved if the adversarial relationship was replaced with one based on mutual trust and cooperation. Such a relationship should come about when there are strong, stable and representative trade unions and well-trained industrial relations officers within management to handle industrial issues on the spot, as they arise in the mines. Thus, there is a need for a commitment from each party to give industrial relations top priority. The unions need to put in place the infrastructure (such as an office, support staff, and so on) that will help them become more respectable, strong and stable. This will affect the management's strategies for dealing with them. Equally, the management should reassess its strategies and give high priority to the pursuit of productive industrial relations in the workplace. Such a change of heart will come about only when there are more properly trained industrial relations officers who are aware of the need for the orderly conduct of industrial relations in the mines. Only then will we see a change in their perceptions and attitudes.
It is difficult to achieve a viable system of industrial relations when third party intervention in dispute settlement in the mines is not effective. Efforts to achieve an amicable outcome to disputes, not only in the mining industry but the entire economy, are weakened because of a lack of Government commitment. This problem is aggravated by the presence of a structurally and financially weak peak union organisation and the absence of a representative employer’s (mining companies’ representative) organisation. Although the external environment appears unpromising what has to happen in the mining industry is that unions and management must make a concerted effort to make the dispute settlement machinery at the workplace function efficiently.

In this respect, management recognition of union grievances is a basic essential for the effective settlement of the disputes. A bipartite approach, where the two parties are involved at the workplace, should give every opportunity for differences to be resolved through negotiation, conciliation, and if necessary, mediation. These processes should remain the primary instruments of settlement. In future, it is hoped that the trend towards resolution of disputes at the workplace, without major third party interference, will continue. However, if the present disrespect and poor cooperation between the unions and management continue, then there is a likelihood that industrial relations problems will always be present in the mining industry.
Chapter 6: Conclusion and Recommendations

Industrial relations in the PNG mining industry are characterised by problems and confrontations. The problems are generated from two sources. In micro-perspective the management and unions in the mines generally have an adversarial relationship. This makes it difficult for them to reach agreement on workplace issues. From the macro-environmental perspective, the processes and institutions that are provided by the DLE to help the parties towards a compromise are far from efficient. This is because the DLE is underresourced. In such an unpromising environment, it is not surprising that some of the disputes have turned violent. However, what is imperative here is that the trade union movement gains the capacity to provide efficient representation and service for its members in the mining industry. Old strategies should be replaced with new ones which will lead to more meaningful and productive interactions between the work force and management.

However, the onus is on the various unions to implement strategies which will make them into an efficient organisation in outlook and function in this strategic industry. The following recommendations suggest several new strategies.

Recommendations

The role of the union movement in the mining industry has to be redefined if it is to operate efficiently and competently in pursuit of its mission. A properly organised union movement in the industry would not only provide a countervailing power to the management, but would also be able to provide improved services to its loyal members. Various measures can be taken to guide and aid the mining unions in this endeavour.

Recommendation 1: Union Information Package

This paper has shed some light on the present state of industrial relations in the various PNG mines. In particular, there is an acute need for unions to clarify their approach in their formulation of union, recruitment, and negotiating strategies. A lack of written information setting out the practical steps towards achieving their objectives has led to unions adopting ad hoc strategies which have sometimes been inappropriate. A collection of practical steps to improve union efficiency on some of the issues that have been mentioned should help to establish the resource base and foundation for unionism in this dynamic industry.
Implementation

Assistance should be sought from the Friedrich Ebert Stiftung (FES), the International Union of Chemical, Energy, Mining and Factory Workers (ICEM), and the International Labour Organisation, in order to get appropriate people to prepare information modules on areas of union policy and strategy formulation and others. Some of those are stated as separate strategies later in this chapter.

Recommendation 2: Union Strategy

Strategies are the means by which unions pursue their objectives. Union leaders often formulate strategies on an ad hoc basis in response to some management action. So that they can properly represent their members’ interests, unions should have relevant, long-term strategies in place.

Implementation

The union executives should — through their shop steward system — gauge views from the rank and file members on the possible strategies that they can adopt in their organisations. Such views should then be discussed in union meetings, and all reasonable and practical suggestions followed up. They can also ask outsiders such as academics and others to advise them on strategies that can be pursued to achieve union objectives.

Recommendation 3: Membership Base

One of the fundamental objectives of any union is to secure and develop its membership base. Without members it will not have the resources to sustain itself. Because union membership is not compulsory in the mines, the union leaders should have a program in place to recruit new workers as union members.

Implementation

The mining union must maintain membership support by providing substantial benefits which are seen to result from union activity. The union should also be responsive to structural changes in the labour market.

The union should also persuade the management to allow the union to operate in-house. This should guarantee a healthy bargaining power base, as most workers would feel obliged to join the union.
**Recommendation 4: Competent and Dedicated Union Leaders**

The union should always aspire to have dedicated and competent union executives in the organisation. Their task should be to provide capable and efficient direction and leadership to the members. This executive should make sure that there is an orderly development of a consciousness of union activity amongst rank and file workers.

**Implementation**

The union executive should come from the existing group of committed and proven shop stewards in some of the salient areas of the mine, because they are the ones who have valuable experience as shop stewards and union volunteers.

In order for this to happen, a well-developed shop steward system should be in place in the mine. Their function is to provide an umbilical cord relationship between the union organisation and the rank and file members. The leaders should be union members with experience in the union function, philosophy, grievance procedures, and achievements. They should be able to provide direction and leadership to the rank and file members and have the ability to organise ongoing union activities at the workplace.

**Recommendation 5: Union Objectives**

A prerequisite of any strategy is an objective. The objectives of most unions cover at least four general areas:

- provision of direct services to members;
- improvements in conditions of employment;
- job security; and
- political or non-industrial objectives.

These objectives and others should help to protect and develop the organisation's viability and success.

**Implementation**

The union leadership should gauge the views of the rank and file members through the shop stewards, when formulating a viable union strategy (see Figure 7). The responses should be analysed and refined and incorporated into the union constitution. These objectives should be implemented in conjunction with other union policies in order to improve the conditions of the members.
Figure 7:  Formulation of Union Objectives

Recommendation 6:  Union Office

Recognition and respect for a union follows the establishment of proper union infrastructure. The existence of a union office with some full-time staff will greatly improve the effectiveness of the organisation.

Implementation

It may be sensible to rent an office in one of the government buildings in the local town. In this way, communication can be maintained with Government representatives (like labour officers) who are there to scrutinise the activities of the mine. This office, as well as providing secretarial services, should also have someone with the ability to carry out research on past and current industrial relations issues, laws, and the labour market, and to follow current political and industrial relations trends which would be of use to the union executive in award renegotiation and other relevant matters. Liaison with other industry unions, and relevant aid organisations should also be the role of this office.
Recommendation 7: Communication Network

The union should have an internal communication network in the organisation in order to exchange information with its members (see Figure 7). In this network, the shop stewards would be the direct link between the members and non-members at the workplace. An open communication system within the organisation will allow members to feel more involved with the objectives and issues of the union organisation.

Implementation

The union should have a meeting once a month, which is attended by shop stewards. Relevant issues and developments regarding the union can be discussed at the meeting. Shop stewards should report to the union executives on recruitment of new members, union dues, and other matters. Also, the union should produce a newsletter to be circulated amongst members. This would establish solidarity and loyalty amongst the rank and file members of the organisation.

Recommendation 8: Educational Seminars

The union office should organise educational seminars on union matters, for trade union leaders and shop stewards. Topics such as negotiation skills, trade union law, grievance and dispute handling, leadership training, and union administration should be covered in these seminars. FES, ICEM, and ILO assistance should be sought on such programs and, if possible, they should be invited to coordinate such educational endeavours.

Implementation

To achieve this recommendation, the union should liaise with the PNGTUC, and ask for help from university academics and other volunteers. FES, ICEM, and ILO assistance, in terms of funding and coordination of such activities, should be sought. If the backing of a reliable organisation such as FES is forthcoming, and basic expenses are taken care of by the union, then industrial relations experts and others will be more than willing to offer their services.

Recommendation 9: Relationship with Other Organisations

The union should consolidate its relationship with the PNGTUC and establish relationships with other relevant organisations that have interests in the union movement. A firm working relationship with the FES should be encouraged. This organisation has a proven record of commitment to labour movements in
developing countries and has the capacity to run workshops and others programs on unionism. A national conference would be a useful forum in which achievements could be evaluated and union needs identified.

**Figure 8: Proposed Cooperation with FES**

*The FES can also extend invitations to affiliates of the PNGTUC to attend the same projects that are occurring.*

**Implementation**

Although an individual approach by the unions to the other organisations would not be practical, a central organisation representing all unions in the industry should be able to get the initiative rolling. A peak industry organisation (which is the next strategy) should be able to make good use of the help it can get.
from FES (in funding seminars, workshops and other trade union exercises) and other organisations with the capacity to fund seminars, workshops and other union activities.

**Recommendation 10: Formation of an Industry Union**

It is imperative that a (peak) industry union is formed in the present circumstances. This should occur with the amalgamation of the existing unions and any new mines in the mining industry. This strategy has already been agreed to by the various mining union representatives. The advantages that this rationalised organisation will bring to the union movement in the industry is enormous. From not having a relative union power base, it would lead to the pooling of scarce resources for economical and effective use by the union movement for the well-being of the entire mine work force in the country (see Figure 9). There should be an annual national conference to be attended by mining union members and executives. The national executive of the peak industry union should deliberate on major policy issues taken up at the national conference. This should be done in consultation with the PNGTUC, to identify any implications and ramifications for the entire union movement.

**Figure 9: Proposed Structure of the Mine Workers’ Industry Union**

[Diagram of the proposed structure of the Mine Workers’ Industry Union]

- National Conference
- Industry Union Meeting
- Executive Meeting
- Stewards Meeting
- Membership
- National Executive
- PNGTUC
 Implementation

If the concept is still favoured by the various unions, then a steering committee comprising a representative from each of the existing unions should prepare an action program. It should include the process of consultation with union members, a new constitution, a viable strategy, and an information base to draw technical advice from internal and external experts.

It is significant that only the unions in the mining industry be a party to the formation of this peak union. It has been suggested that the PNGTUC be an integral party to this formation in terms of sharing of resources and office facilities, but this may be a gamble. That peak union organisation has an unfortunate history of political rivalry between members, is fraught with financial problems, and has an ad hoc strategy towards industrial relations issues in the country. Just as a caution, that union’s past problems may haunt the emergence of this peak mining union, if the PNGTUC became an integral member. Although the present PNGTUC leadership is competent enough to oversee a possible merger, in the long term, the problems of one may adversely affect the effectiveness of the peak union.
APPENDIX 1: BASIC OUTLINE OF THE STUDY PAPER

The Dynamics of Industrial Relations in the PNG Mining Industry: Implications for Trade Union Strategy

Step 1: Definitions and Analysis

Overall comparative dimensions:
- development in time; and
- comparison among the various mine sites.

Definition of key terms:
- dynamics;
- industrial relations (system); and
- strategy.

Description of the Industrial Relations System:
- the key players;
- the key issues; and
- the key problems.

Highlights:
- existing strategies;
- obtained results;
- major events (industrial action, signing of awards, arbitration, and so on); and
- outlook on the future of industrial relations.

Step 2: Conclusions and Recommendations

- understanding of strategy as a concept;
- the role of various strategies in terms of success;
- proposed development of industrial relations;
- recommended strategies for mining unions;
- steps of implementation; and
- suggested cooperation with other organisations.
APPENDIX 2: INTERVIEW GUIDELINES TO CONDUCT FIELDWORK IN INDUSTRIAL RELATIONS IN THE PNG MINING INDUSTRY

The Union

1. **Trade Union Organisation:**
   - its history
   - its structure and membership composition (leadership, shop stewards, rank and file members);
   - its policies on recruitment and membership, strikes, and so on; and
   - location, separate office with staff or officials who are full-time mine employees.

2. **Trade Union Activity:**
   - past achievements;
   - current campaigns; and
   - active or docile.

3. **Trade Union Strategies:**
   - do they have any;
   - what are they; and
   - approaches to management negotiations and strikes.

4. **Trade Union Strategies:**
   - short term; and
   - long term.

5. **Main Trade Union Obstacles (Issues):**
   - Manageable; and
   - not practical.

6. **Trade Union Relationship with Management:**
   - Mutual;
   - Positive; and
   - Negative.

7. **Trade Union and PNGTUC and Other Fellow-Union Relationships:**
   - the current situation;
   - benefits;
• weaknesses; and
• any remarks on how it can be improved.

8. Trade Union and the FES:
• their relationship;
• its benefit; and
• how it can be further improved.

9. Trade Union and Government:
• views on Government interference;
• any limits; and
• neutral.

10. Expectations from union when establishing peak industry base union.

Management

11. Management policies on industrial relations:
• trade union recognition and collective bargaining arrangements;
• procedures for negotiation;
• grievances and discipline;
• consultation and communication;
• systems of payment and their revision; and
• training.

12. Management's strategies on union (if any, what are those).

13. Management and Trade Union:
• their relationship;
• mutual, negative or positive; and
• how it can be improved.

14. Problems facing union organisation:
• can management help in some form — why, why not?

15. Problems which management faces when dealing with the union — what are those?

16. Can management and the union deal with disputes alone, without government assistance?
17. What are the union's main issues?

18. The condition of health, and safety in the workplace.

19. Management's relationship with employers' organisations:
   • PNG Chamber of Mining and Petroleum; and
   • its benefit.

Department of Labour and Employment

20. The Department's view of unionisation in the mining industry:
   • its dynamics;
   • its strengths; and
   • its outlook.

21. Department's perception on general conduct of industrial relations in the mining industry.

22. Can the Department help in some form?

23. What are the main obstacles in the PNG industrial relations system — can those be remedied?

24. Is the current industrial relations system conducive to unions and management?

25. What strategies does the Department use to intervene in negotiations between management and union?
Bibliography


