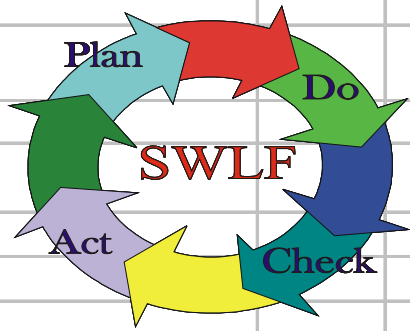


Productivity of current Labour Resources (Or How Valuable Labour Time can slip away).

Productivity of current Labour Resources (Or How Valuable Labour Time can slip away).

Likely Outcomes for Business Plan 03/04

- Failed to meet attendance targets
- OT usage continues to be very high
- OT being offered when work load does not justify it.
- Growing trend by a large number of staff to exceed the reasonable hours limit on OT
- Growing trend for staff not to attend for rostered OT shifts
- Lost Time Injuries above target
- Safety Observation Feedback Process targets not met since late last year.

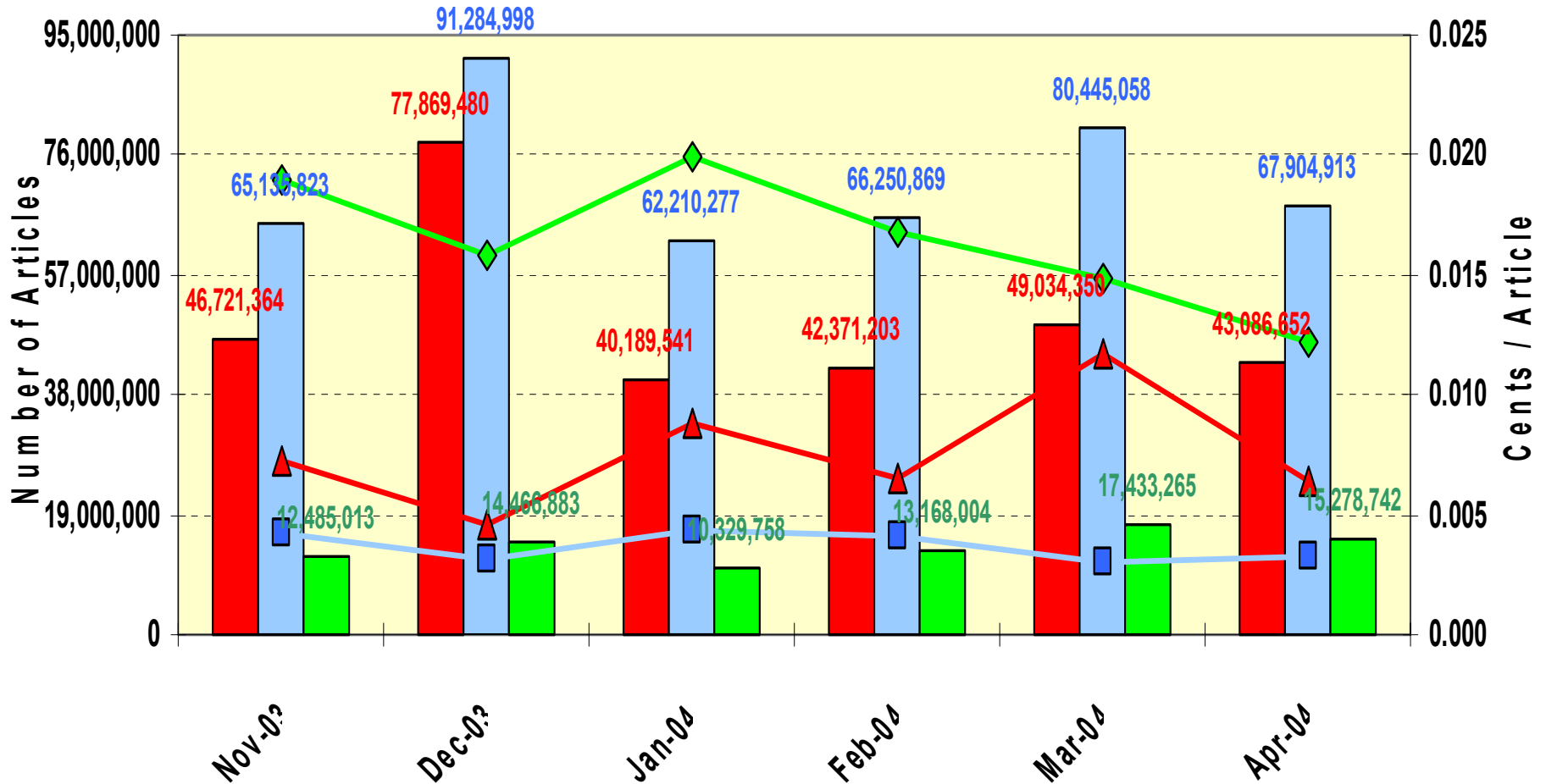


SCORE CARD 2003 / 2004

Large Letter Technical Team

Human Resources	Team Target	2001/02 Result	2002/03 Result	Team YTD	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Shift 3 (LL) Attendance	95.0%	95.8%	97.0%	94.3%	93.3%	90.7%	93.4%	93.4%	92.5%	96.8%	96.5%	95.9%	93.6%	
LTI's	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Production Rate														
FSM	6,500	3,648	5,264	3,567	4,099	3,314	3,253	2,960	3,903	3,702	2,547	3,585	3,369	2,654
FMOCR				4,192	4,079	4,335	6,000	4,281	3,129			4,629	4,773	5,006
SP 10	13,500	5,386	5,278	4,864	5,331	5,010	4,460	5,332	4,835	5,241	3,908	4,950	5,250	4,481
Jams/10k														
FSM		16.4	12.5	18.9	12.1	14.6	15.6	17.5	19.2	20.8	22.6	22.2	24.6	33.6
IOS														
FSM	2:00am	98.9%	97.1%	89.1%	96.2%	90.8%	90.0%	87.2%	85.8%	86.1%	82.0%	84.1%	88.8%	86.3%
FMOCR				94.6%	97.2%	96.3%	97.2%	92.2%	93.3%		96.0%	93.4%	94.3%	96.0%
SP 10	2:45am	92.9%	90.7%	90.1%	90.6%	90.0%	91.1%	90.1%	89.5%	90.2%	91.7%	89.7%	89.7%	89.5%

SWLF - Technical Service Costs by MPE Group



■ Processed Volumes AEG OCR;MLOCR;LIDS
 ■ Processed Volumes BCS;CFC
 ■ Processed Volumes FMOCR;FSM;SP10
▲ Cost per Article AEG OCR;MLOCR;LIDS
 ■ Cost per Article BCS;CFC
 ◆ Cost per Article FMOCR;FSM;SP10

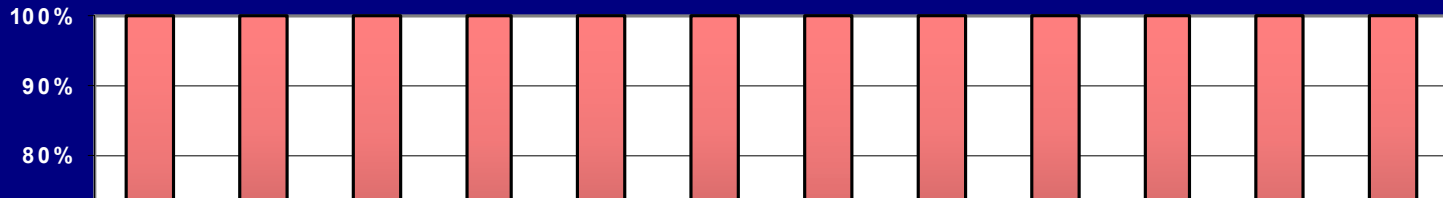
Issues identified by staff.

1. Staff in the MLOCR area stopping work @ 1:40pm - issue not being managed.
2. Some MLOCR Team Leaders not attending team meetings.
3. Excess OT not being addressed.
4. Staff not following the 8'10 or OT rules.
5. Staff doing CM work in the middle of PM work.
6. Staff don't know how to align resources to work load.
7. No process in place to check the standard of work being performed.
8. Consider removing staff who don't work Sunday from Roster.

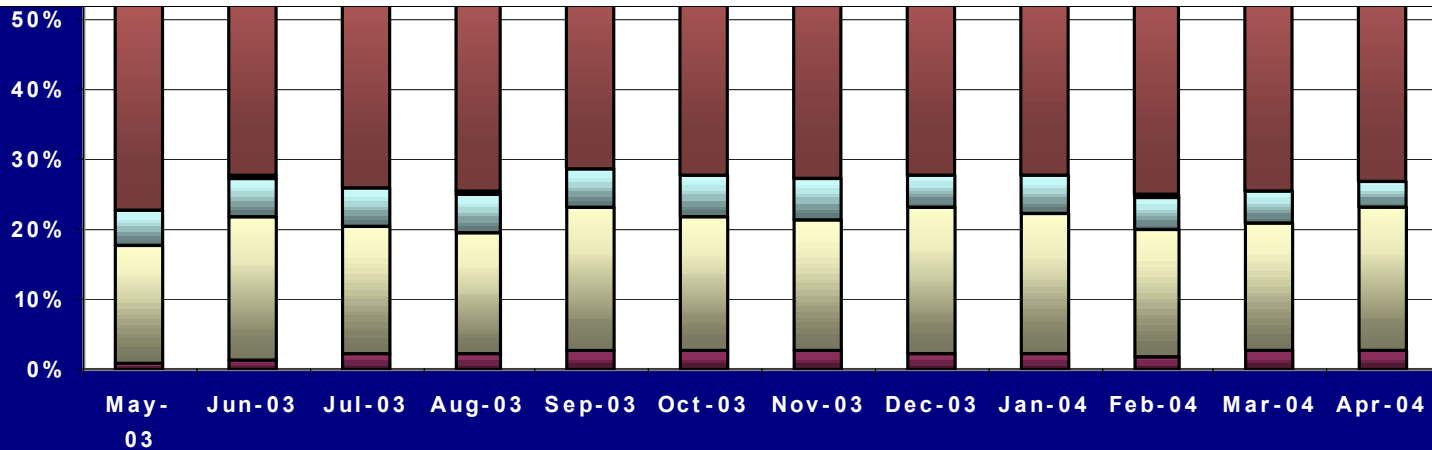
Productivity of current Labour Resources.



SWLF Maintenance Activities recorded in SAP compared with Total Tech at Work Hours as a %



Reactive
 Preventive
 Predictive
 Proactive
 Unrecorded Hours



Productivity of current Labour Resources. - (cont.)

Setting the scene:-

** “The future will see contract maintenance continue to replace in-house maintenance operations that have priced themselves out of the marketplace due to low labour productivity, and declining physical asset reliability”.*

** “The in-house maintenance operation that continues with rising labour costs; no productivity gains, and marginal (at best) customer service will be an easy takeover target”.*

** “Measuring and improving overall labour effectiveness must be one of many components to continuous reliability improvement process and total asset management”.*

Source- Measuring overall craft effectiveness (OCE) - Ralph W. Peters.

Productivity of current Labour Resources. - (cont.)

HOW VALUABLE LABOUR TIME CAN SLIP AWAY

Total Available Hours - 1911 per person

Less provision (22%) for ARL/Training/Sick Leave etc = 1491 hours.

Total Available hours @ SWLF - $64 \times 1491 = 95,424$ per year.

50% = Good "Tool" time

For SWLF = 47,712 (917.5 hrs per week)

40% - Typical for reactive/unplanned maintenance

For SWLF = 38,169 (734 hrs per week)

This is
where we
currently
are!!

30% - Typical for reactive/unplanned maintenance

For SWLF = 28,627 (550 per week).

10% TO 20% for an On-call Service/Repair person

What can be achieved by change/improvement!!

Level of Labour Utilisation	Total Tool Time (Hours) per year	Average Tool Time per position per year.	Difference
30%	28,627	447	-----
40%	38,169	596	9542 hrs (+6.4 FTE)
50%	47,712	745	9543 hrs (+12.8 FTE)
60%	57,254	895	9542 hrs (+19.2 FTE)
70%	66,797	1044	9543 hrs (+25.6 FTE)
80%	76,339	1193	9542 hrs (+ 32 FTE)
85% (Best Practice)	81,110	1267	4771 hrs (+35.2 FTE)
90%	85,882	1342	4771 hrs (+ 38.4 FTE)
100%	95,424	1491	

Questions that you should ask yourselves!

- 1. If I owned my maintenance operation, what can I do different to make a profit?*
- 2. How would I do this job or lead the team if it were, in fact, my own maintenance business?*
- 3. How can we get maximum value from our labour resources and achieve higher productivity?*
- 4. How effective are we in planning and scheduling labour resources so that these assets are doing value-added, productive work (tool time)?*

Way Forward!

- 1. Currently planning and scheduling done well at Fault desk Level.**
- 2. Planning and scheduling of labour resources to be applied at Team Leader level for at least periods of whole week and desirably for each fortnight.**
- 3. Team Leaders to focus on improved attendance + attendance for rostered OT shifts.**
- 4. Target to be an improvement of at least 10% in tool time within one month.**

Any Questions!!