

**AMMA CHIEF EXECUTIVE STEVE KNOTT, OPENING SPEECH
2015 AMMA RESOURCE PEOPLE NATIONAL CONFERENCE
THURSDAY, 6TH AUGUST**

Thank you, Leigh.

Welcome delegates to Australia's annual national resource industry conference; one solely dedicated to workplace and employment matters.

<Corporate Partner acknowledgement>

Firstly I acknowledge the corporate partners (sponsors) of this conference – corporate health insurance specialist GU Health and specialist provider of income protection – Coverforce.

A big thanks also to our two media sponsors – Australia's Mining Monthly and Resource People.

Our sponsors play a large role in delivering this conference every year and we are grateful to have them on board.

<Conference theme>

As Leigh mentioned, the theme of this year's conference is 'engagement'.

This is the term that stood out when we considered the type of robust discussions that would take place at this event and underpin the purpose of every session.

<Current environment>

Our industry is at a pivotal junction.

Many of the major projects approved during our sector's recent investment phase are now moving from large-scale construction into a long-term production phase.

In the first half of this year alone we've seen another \$8 billion worth of major resource projects progress to this milestone.

While this is a great achievement for our industry and sets our nation up for many decades of increased royalty revenues and other economic benefits, the decline in new project investment will give policy makers in this country pause for thought; questions such as how do we manage this transition as a nation and what can we do to attract new investment readily spring to mind.

We know from government analysis that 61 major projects worth at least a combined \$80 billion in the past year alone have fallen off the 'under consideration' pipeline ie. they are not proceeding.

Many of our members are project operators that are managing the transition to smaller teams of specialist operators, and the array of contractors along the construction supply chain are seeing fewer opportunities for their much larger construction-based workforces.

In addition, resource projects already underway, including those with decades of operating under their belts, are faced with their own workforce challenges arising from a drastic low point in the commodity price cycle, productivity issues and heightened external competitive pressures.

And so AMMA, our members, and our industry more broadly, are operating in a precarious position where our nation is seeing new production capacity coming online, but at a time when our competitive challenges are greater than ever.

It is these issues that must be addressed if Australia is to capture future waves of resources investment, and the employment opportunities that flow-on.

<Industry's collective role>

Of course, a big part of the solution lies with us, the industry.

We need to work smarter in order to achieve greater productivity and competitiveness.

This begins with strong leadership. But everybody has a role to play.

While individually, you are one cog in the wheel of a resource operation, you have the ability to create wider benefits through strategies and innovations implemented at the workplace level.

AMMA staff are 'on the ground' with many of you assisting to navigate workplace change, and developing solutions to complex workplace issues.

This conference, in addition to the usual array of very important networking opportunities, provides a vehicle to explore some of those strategies and new ways of thinking about being more productive and efficient in the way we work.

<The role of regulation>

While greater innovation at a workplace level is necessary, it is crucial that our industry is supported by a modern, competitive and flexible national policy platform that promotes Australia as an attractive place to invest and employ people.

This begins with a strong fiscal position that encourages business confidence, and as such we are looking to our government to steadily chart the course to budget repair.

Similarly, we welcome new free trade deals such as the China-Australia FTA, which will bring greater economic prosperity and job creation for our country.

It's truly disgraceful that such a positive development for our country is now being subjected to irresponsible and misleading union and ALP campaigns. AMMA will continue to call out these campaigns for what they are.

Only three weeks ago one of AMMA's executive directors was representing our industry during a skills delegation to China and spent a great deal of time conversing with Chinese ministers about the reciprocal benefits this deal will bring to both nations, and further investment opportunities in our industry.

Just as important as budget repair and new trade opportunities, however, is addressing serious issues with our workplace relations system - issues that cause delays to new projects, add greatly to delivery costs and stifle labour productivity.

For many resource employers who operate on the global stage, working within Australia's uncompetitive workplace relations framework is looking increasingly undesirable. This is already impacting on future investment.

<The IR reform imperative>

That said, it is encouraging to see momentum continuing to build for renewed reform efforts. Recently, one voice of support was that of Secretary of Treasury, John Fraser, who recently described IR reform as 'crucial' for Australia's future and 'sustained, long-term growth'.

I couldn't agree more (particularly pleasing given AMMA had provided Treasury with a confidential briefing on our IR PC Submission a week prior to his statement!).

Recent global events should be a wake-up call for Australia. We cannot afford to be complacent or ignore imperatives for reform in key areas such as employment.

In the second decade of the 21st Century, genuine job security comes from working in a productive and competitive enterprise. It doesn't come from intrusive overregulation of the workplace that serves only to push third parties into the employment relationship and create headaches and costs for employers.

Through sensible and genuine industrial relations reform, improved productivity and competitiveness can once again become the bedrock from which we can deliver secure jobs and raise living standards.

One of my focus areas as AMMA CEO is to get over to Canberra and talk regularly with senior ministers of the government, as well as Opposition frontbenchers, urging them on your behalf to find an end to the current policy stalemate on workplace relations.

Unfortunately, since we met for AMMA's national conference last year, we have seen very little proposed workplace reforms materialise into legislation.

A number of Bills that would introduce small, but valuable changes to the Fair Work system have been blocked by the Senate and remain in limbo.

This includes amendments that would:

- Apply good faith bargaining principles to new project agreement making and put a limit on how long unions can stall negotiations for;
- Reduce some of the ridiculous business transaction costs employers are forced to endure through unbalanced union site entry laws;
- Increase capacities for flexibility at the workplace level which benefits both employer and their employees;
- Ensure productivity has been factored into enterprise negotiations; and
- Ensure protected strike action is a genuine last resort action.

Due to stream of damning evidence uncovered from the trade union royal commission, the Amendment Bills that have been the focus of most political and public debate of late focus on:

- Bringing back the Australian Building and Construction Commission to clean up the intimidation and lawlessness in the building industry; and
- More effectively regulating registered organisations, including both unions and employer groups, and increase penalties for criminal offences such as misusing member funds.

If the Senate recognises the growing community support behind these Bills, and successfully passes them, this will be a very positive step forward for our industry and the country.

However, it still won't come close to the long-term, systematic reforms that Australia needs – this must be driven by the Productivity Commission's review of Australia's entire workplace system.

<PC review & AMMA's submission>

Earlier this week, the Productivity Commission released its draft recommendations arising from this review. There will be more discussion on this throughout this conference.

Throughout this lengthy process, AMMA has and will continue, to call for all stakeholders including employers, unions and governments to approach their recommendations with a mature and open-minded debate on what benefits genuine reform could deliver for our country's future.

We must not waste this once-in-a-generation opportunity.

Discussions based on politics or short-sighted self-interest will not be good enough, and will threaten our nation's economic performance over the longer term.

AMMA's submission to the Productivity Commission was the most comprehensive of submitting parties and was based on 12 months' work including independent KPMG analysis, member surveys, international comparative data, and more.

We outlined to the PC what a roadmap to industrial relations reform would look like and urged it to consider the tough questions that must be asked.

It includes the resource industry's top recommendations for change in areas including:

- Productive and timely agreement making, including for new projects;
- Ensuring strike action is the last resort only, and not a constant threat;
- Sensible and balanced rules for unions to access workplaces;
- More practical and balanced protections for employees; and
- Remodelled employment institutions to support productivity and jobs.

The KPMG analysis that supported our submission revealed such reforms could potentially support resource industry productivity growth of up to 5%, and increase investment by up to 8%.

This could deliver up to \$30 billion in additional GDP and 36,000 additional jobs, and make our industry a more rewarding and secure place to invest.

<Political Call to Action>

AMMA's message to our national policy makers is to forget simplistic views about the end of the resources boom.

Yes. The reality is the massive investment dollars that characterised our industry in recent years have stopped - the evidence from the government's most recent major projects report is overwhelming in that sense.

At the same time, Australia is seeing increasing unemployment and social challenges arising from the transition taking place in our economy.

This should have been cushioned by a more gradual decline in major project investment, but was made more dramatic by poor policy decisions and economic management during the Rudd/Gillard/Rudd years.

Unfortunately the impacts of this haven't yet resonated with the average person in the street.

To build the case for reform, it must be better understood that if major projects in our country don't go ahead, or are lost to international competitors, this not only costs jobs, but decades of potential government revenues will also be foregone.

Fortunately, Australia still has some competitive advantages. We have great human capacity, innovation and vast natural resources that could still fuel the developing world.

With the right support in other areas of regulation, such as workplace relations, the resource industry can bring more jobs, more taxation revenue and royalties, plus more opportunities to Australia.

We urge all political stakeholders to assist to end the policy stalemate.

We understand the politics involved, but the inertia on meaningful, necessary changes is costing jobs, costing investment dollars, and costing economic opportunities for our country.

From next week, the government and the opposition have an opportunity to engage in meaningful policy discourse with parliament resuming.

The Productivity Commission's draft report has fallen short of the systematic reform we so desperately need. The Fair Work laws and institutions need an overhaul, not a 'repair job'.

Nonetheless, the report does address some important issues for the resource sector and, if we can drown out the predictable scare campaigns with reasoned debate, it can still be a catalyst for meaningful discussions on our nation's future.

<AMMA Representation>

Aside from advocating for workplace relations reform, AMMA remains active in representing member needs on various other fronts.

I recently accepted a position on the Australian Government's Ministerial Advisory Council on Skilled Migration to provide advice on a skilled migration framework that supports Australia's evolving workforce needs.

This is in addition to AMMA's continued role on the government's National Workplace Relations Consultative Council.

On the skills front, AMMA's executive director of industry services, Tara Diamond, is an active member of both the federal government's Australian Industry Skills Committee and the Vocational Education Advisory Board.

This representation is ensuring that our industry will benefit from a relevant and timely framework for developing the skills that will be required in the new production phase of our industry, as well as for future major project construction works as the investment pipeline re-opens.

AMMA will continue to advocate behind the scenes and in the public arena for regulatory settings that support your ability to be more productive and competitive.

There are key opportunities for AMMA members to get more involved and ensure your views are elevated to the forefront of national policy makers. For instance, next week I am taking several senior industry leaders to Canberra for a private meeting with eight senior Coalition Ministers where we will outline in person the reform priorities of our industry.

We are able to do this advocacy work and more because of your collective support through continued AMMA membership. I look forward to engaging with you all on these issues and many more during this year's national conference and the months and years ahead.

<ENDS>