

2016 AMMA NATIONAL CONFERENCE

WELCOME ADDRESS - STEVE KNOTT

4 August 2016

<Welcome>

Thank you Jennifer.

Welcome everybody to AMMA's 2016 National Conference.

As your national employer group, we are very proud to bring you this annual event – Australia's only conference dedicated to workplace professionals in the resource industry.

<Corporate Partner Acknowledgement>

I'd like to begin by acknowledging our platinum corporate partners – Coverforce and GU Health – their support has helped bring this event to you today.

<Reflect on industry's contribution>

It's great to see a full room here today.

I know that taking time away from your workplaces in this climate is not easy.

One of AMMA's key learnings in the current environment is that more and more is being asked of workplace relations professionals, often in smaller teams.

I think it is important to acknowledge the ongoing adversity facing our industry. However, with so much doom and gloom in the media, it's also important that we take a moment to reflect on our strengths and what our industry continues to contribute to the nation.

Despite recent rhetoric, our industry continues to do a great deal of heavy lifting for our economy thanks to the rewards we are now reaping following decades of investment.

In 2014-15, mining made the highest contribution of any sector to our overall GDP at \$118 billion, while Australia's total resource exports are about \$172bn and are forecast to grow to \$232bn by 2020-21.

The resource industry also contributes more tax to the Australian community than any other industry - over \$12 bn per annum.

This revenue is building the schools, hospitals and infrastructure that keep our communities thriving.

Notwithstanding a diversifying economy, the resource industry is going to be a core pillar of Australia's economic and social development for decades to come.

In addition, despite a slight contraction in employment numbers, our industry continues to be a major driver of jobs.

Using the established modelling that one job in mining creates two-to-three jobs in the supporting supply chain, our industry today is still responsible for more than 600,000 well paid jobs in Australia.

Just as important are the type of roles now being created by Australia's resource industry.

The companies represented here are innovating and investing in new world-leading technologies.

This has seen our METS sector grow into a \$90bn industry, with more to come.

This is also driving a 'new breed of miner', where traditional manual labour is making way for highly skilled roles across remote operating centres, automation, robotics, fibre-optic sensors and other innovative, high-tech developments.

<Current industry climate>

It can be easy to forget the contribution of our industry as we come off a long period of high commodity prices and demand.

As expected, resources employers of all shapes and sizes are buckling down and adjusting to a 'new normal' in which change and challenge are a constant.

At last year's conference, I commented that our industry was at a pivotal juncture.

In many respects, this hasn't changed. The challenges that you have been managing aren't going away.

More broadly, we cannot ignore threats to our nation's economic durability and reputation.

On Tuesday the RBA cut rates to a new historic low, and this comes as all three rating agencies have put Australia's AAA credit rating on notice.

While a re-rating on its own doesn't present a major danger to the Australian economy, without significant micro and macro-economic reforms the momentum for further downgrades will.

Australia is stuck in a period of domestic political and reform inertia, and we have become an increasingly costly and complex place to do business.

Unless we can begin to change this, we can expect upwards pressure on borrowing rates with consequential adverse impacts on both consumer spending and living standards.

The AAA credit rating wake-up call and a historic low cash rate simply reflect what most in business already know. Put simply, Australia desperately needs to lift our competitiveness.

In our industry, the decision on where to invest capital largely rests on costs versus returns, political stability and the right policies for doing business.

Australia is losing its competitive edge on each of these.

Since late 2013 we have lost more than \$160 bn in major resource project investment – investment that would otherwise have generated taxes and royalties that fund our schools, roads and hospitals.

It is imperative that we present a more attractive platform for investment to secure the \$254bn worth of potential major resource developments in Australia that are in limbo, yet to achieve final investment decision.

Australia cannot afford to lock ourselves out of future waves of global resource investment.

Fundamental to this is workplace relations reform.

<Policy reform and politics>

After a marathon eight week election campaign, we have some clarity on what will come next for our workplace relations system, at least in the immediate term.

The government will again seek to restore the Australian Building and Construction Commission (ABCC) as an effective workplace relations regulator for our building sites, and at AMMA's instigation, offshore resource construction

The government will also again seek to improve governance and accountability in both unions and employer organisations.

These are generally useful changes, but even if the government can have them passed by the Senate, they fall far short of the fundamental workplace reform that our industry and the broader business community needs.

You will recall that in late 2015, the Productivity Commission made 69 specific recommendations for change to Australia's workplace relations framework.

AMMA is on record as describing the PC's analysis and recommendations as falling short of what is required to make these laws more relevant to the contemporary world of work and the challenges facing employers and employees.

However, the PC did pick up key concerns and proposals from AMMA in a number of areas with some useful recommendations which would begin improve the balance and utility of the system.

Disappointingly, neither the Coalition nor Labor issued policy responses to the recommendations during the election campaign.

The government's commitment to combating union lawlessness and corruption is positive, but to assume this should be the last word on workplace reform would do Australian employers, employees and the wider community a profound disservice.

Stopping at the five workplace relations bills foreshadowed by the government should not be acceptable. There are additional, widespread and longstanding problems with our workplace system that need to be addressed.

Fundamental reform of our workplace relations laws cannot be put on the backburner.

(CALL TO ACTION) AMMA is calling on the government to pursue its clearly foreshadowed IR changes while simultaneously implementing the PCs recommendations to improve Australia's workplace relations framework.

We would therefore support the Minister for Employment, Michaelia Cash, who we'll hear from later this morning, consulting further on the PC recommendations during coming months.

However, 2017 must see the problems within our workplace relations framework addressed through changes to our legislation. While the PCs recommendations aren't all-encompassing, they are a starting point for positive change.

<AMMA's "5 in 5 WR Reforms" Campaign>

As AMMA's Chief Executive, I see and hear firsthand how flawed and unbalanced labour regulation is restricting doing business in this country, stifling ingenuity and creativity, and holding back our national competitiveness.

These experiences are backed by a range of AMMA's research and member engagement projects all demonstrating the urgent need for Australia to get its workplace relations system back on track through fundamental reform.

Such research, which includes our RMIT University reporting project, AMMA-commissioned KPMG analysis and our own regular member surveys, has shown that even the modest IR changes AMMA is proposing would:

- Create 36,000 jobs in the resource industry and supporting supply chain; and;
- Add \$30.9 billion of value to Australia's GDP.

And that's just through the resource industry alone – imagine the real benefit to the broader economy if the government took up all of AMMA's recommendations for reform!

Importantly, AMMA's advocacy is driven by our members and is targeted at addressing your dissatisfaction with Australia's IR system.

You have consistently told us, your national employer group, that Australia's workplace relations over-regulation is failing to keep pace with the requirements of modern, mobile and globalised product and labour markets.

Reporting on your experiences of the Fair Work system through AMMA's 2016 Federal Election Survey, only 1 in 20 of our members said they believe our current laws reflect the modern Australian economy, while only 1 in 13 think enterprise bargaining is meeting the needs of employers and employees.

That is why, prior to the election, AMMA launched a campaign for '5 Workplace Relations Reforms Over 5 Years'. The five reforms are, in essence:

1. Focusing enterprise bargaining;
2. Returning balance to union workplace entry laws;
3. Expanding agreement making options;
4. Reforming unfair dismissal and adverse action laws; and
5. Replacing the Fair Work Commission with modern, balanced employment institutions.

I thank each and every AMMA member who took the time to contribute to AMMA's significant advocacy work across the past 18 months, including our submissions to the Productivity Commission review and Election Survey.

We have been successful in gaining significant media coverage and engagement with federal policy-makers, and intend to build on that success throughout this term of government.

I can assure you that AMMA will continue to prosecute these five reforms and other sensible changes to make it easier for you to do business and create jobs in Australia.

<Industry leadership>

While policy reform is essential for lifting our competitiveness, it is just as important for our industry to shape our future through better management, leadership and innovation.

Regardless of the regulatory environment, we all have a responsibility to identify new ways of overcoming challenges and capturing fresh opportunities to be more effective than our overseas competitors.

AMMA too must look critically at how we operate and what we offer to support our members in a changeable, globalised world.

What sets us apart here in Australia is our people and our shared capacity for innovation and productivity.

That's where AMMA is your essential partner.

Complementing AMMA's advocacy for change, our experienced team of employee relations and legal experts remain committed to helping you secure your competitive advantage by making the most of what the existing Fair Work Act offers, in new and innovative ways.

This is what today's conference program is all about.

We have a stellar line-up of speakers and session topics for you today. I know you are all eager to get started, so I will now hand back to Jennifer to introduce our first speaker.

Thank you. **(Exit stage)**