

MEDIA RELEASE

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Resource employers should not lose sight of productivity goals

A senior resource industry leader today warned in a meeting of the sector's employers not to lose sight of the importance of productivity in their labour arrangements.

Addressing the AMMA 2011 National Conference on the Gold Coast, AMMA CEO Steve Knott, said labour productivity in the mining industry had been declining steadily for the past five years.

"It is vitally important to the sustainable long-term growth of the resource industry for labour productivity to be the forefront of decision making when it comes to negotiating new workplace agreements and engaging new workers into the future," Mr Knott said.

"It is concerning to see the increasing incidence of agreements being struck, which seem to have been developed with the sole purpose of securing the supply of workers.

"While such agreements may meet short-term objectives, they are potentially failing to adequately take into consideration the more long-term strategic objectives of the industry."

Mr Knott said over the course of a decade, employment growth in the mining sector is set to increase by 120 per cent.

"Already in certain sectors of the industry we have seen wage claims granted totaling an increase of nearly 30 per cent over three years," Mr Knott said.

"In many cases, further increases are being sought by unions from resource industry employers who are already paying nearly double the national average wage.

"The resource industry is clearly at a stage now where it is picking itself up from the effects of the Global Financial Crisis.

"We stand at the cusp of the Minerals Boom Mark II - with over 70 projects either under construction or committed to, which will see a massive capital investment of A\$133 billion into the Australian resource industry.

"Yet we are already seeing questions being raised about the cost assumptions surrounding the construction phase of many of these projects - a direct consequence of financiers revising estimated labour costs given what they are witnessing in similar projects.

"The reality is the union movement is using the pay and allowance rates agreed to in agreements (including Greenfield agreements) at one project as a mere starting point for negotiations for the next project.

"I encourage the human resource, industrial relations and workplace relations managers here today to bear this in mind as they leave this Conference and return to their respective companies."

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