

MEDIA RELEASE

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Resource industry's Fair Work recommendations to boost WA economic prospects

AS Western Australia's status as the powerhouse of the Australian economy remains threatened by increasing industrial hostility on its large resources projects, AMMA is lobbying the federal government for workplace reform that would allow the state's employers to engage and negotiate directly with their workforces.

The resource industry employer group today lodged its submission to the Australian Government's Fair Work Act Review Panel, with the ongoing viability of large-scale projects underpinning the key workplace reform recommendations.

AMMA represents members in all sub-sectors of Western Australia's burgeoning resources and related construction sectors, but chief executive Steve Knott says many of the state's projects may falter if employers are unable to create mutually rewarding employment relationships in the workplace.

"Under the Fair Work Act, the record investments being made in West Australian resources and related infrastructure projects are under threat by ongoing industrial disputes, the ever-present threat of strike action able to be taken at the drop of a hat and falling productivity," Mr Knott says.

"Instead of providing a balanced framework for cooperative and productive workplace relations that would see WA truly become the power state of Australia, the Fair Work Act is facilitating a return to workplace restrictions, union disputes, wage blow-outs, lower productivity and excessive transaction costs to employers.

"Western Australia has more than \$132 billion worth of resources projects committed, under construction or in the operational phase. Many of these projects are only now beginning to feel the adverse economic impacts of the collective bargaining process under the provisions set out by the Fair Work Act.

"Furthermore, there are almost \$100 billion worth of new resources projects in WA awaiting final government approval. Many of these projects received final investment approval under the previous industrial regime and now the escalating labour costs of constructing these projects are leading to the financial viability of these being seriously questioned."

Representing all areas of the Western Australian resource and related construction industry, AMMA's comprehensive submission examines how the Fair Work Act has failed on its key objectives and puts forth specific reforms that would see a return to mutually rewarding employment relationships in Western Australian workplaces.

Drawing on empirical evidence from RMIT University's *Workplace Relations Research Project* into AMMA members undertaken over a two year period, the submission is underpinned by the direct experiences of Western Australian employers operating in Australia's largest resource state and one of the most globally competitive sectors of the Australian economy.

"Under the current Fair Work Act, West Australian employers continue to encounter industrial disputes. This not only impacts the profitability of the state's resource projects but also puts future jobs at risk," says AMMA chief executive Steve Knott.

"If West Australian workers and the wider community are to gain the maximum benefits of the state's phenomenal resource industry investment then we must see workplace reforms to better facilitate direct and individual engagement between the state's employers and their workforce."

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Steve Knott outlines some of the key recommendations in AMMA's Fair Work submission:

Productivity improvements: "When lodging enterprise agreements for approval with Fair Work Australia, parties must be required to demonstrate how they have considered productivity improvements as part of the final agreement."

Internal regulation: "High income earners, above the \$118,100 unfair dismissal limit, should have the ability to elect to enter into direct employment arrangements with their employer. Workplaces should also have the option of voting for an internal regulation model of industrial relations."

Agreement making: "Agreement content should be restricted to matters pertaining only to the employment relationship between employers and employees. Fair Work Australia should also have the power to make a greenfield determination agreement for resource projects, subject to a 'better off overall' test."

Right of entry: "Unions should only have right of entry to a worksite if they have members on that site, if the members requested the union's presence and if the union was a party to the enterprise agreement related to that site."

Adverse action: "Adverse action provisions are unjustified and if not removed entirely, the Act must ensure claims are only able to proceed if the alleged prohibited reason was the sole or dominant reason for the adverse action being taken, not one of several factors."

Individual flexibility: "Parties should be able to agree on the terms of an individual flexibility agreement that leaves the employee better off overall and protects the employer from any form of industrial action for the life of the agreement."

Protected industrial action: "Protected industrial action should not be permitted where the claims sought are not considered to be in the public interest. This should include a consideration of the comparable size of the wage claim; the willingness to include productivity improvements; whether bargaining efforts have been exhausted; and the employer's ability to meet the overall cost of the claims. The majority support of all employees that will be subject to a proposed enterprise agreement must be obtained before any employees can embark on protected industrial action."

Unprotected industrial action: "The legislative mechanism under which the courts can order work to resume following unprotected industrial action should be reviewed to ensure it is more responsive to the needs of employers who are subject to damaging and costly unlawful industrial action. There are numerous examples of illegal industrial action occurring, with both Fair Work Australia and Federal Court orders having been ignored."

The following material is available for immediate media use

Shortened media version of the executive summary of AMMA's Fair Work submission:

http://www.amma.org.au/home/publications/AMMA_FairWorkSubmission2012_ShortExecutiveSummary.pdf

AMMA's full submission to the Fair Work review:

http://www.amma.org.au/home/publications/AMMA_SubmissionToFairWorkActReview_Feb2012.pdf

The latest report from the AMMA/RMIT University Workplace Relations Research Project

http://www.amma.org.au/home/publications/AMMA_WR_ResearchProjectReport4.pdf

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