

Fair Work Review recommendations fail to address resource project agreement delays

THE Fair Work Act review has failed to address major issues within the greenfield agreement framework that is seeing one-in-five new resources projects put at serious risk due to ongoing union stalling tactics.

Research conducted by resource industry employer group AMMA and RMIT University recently found that 19% of employers had experienced unions refusing to make agreements on new mining, oil and gas projects – many worth billions of dollars to the economy.

Despite several peak industry bodies backing AMMA's call for reform to the way greenfield agreements are negotiated, the Fair Work Review recommendations handed down yesterday failed to address the real issues.

"While there has been some recognition there are problems in the greenfield framework at page 169, the solutions proposed by the Fair Work Act review panel miss the mark and risk making matters worse," says AMMA executive director, industry Minna Knight.

"The recommendation to extend the existing good faith bargaining provisions to greenfield negotiations will see no practical improvements and is a waste of time, but the most concerning proposals are around the compulsory involvement of Fair Work Australia on these matters.

"The proposal is that when negotiations for a greenfield agreement reach an impasse, Fair Work Australia may on its own motion or by application from one of the parties, conduct a limited form of arbitration called 'last offer' arbitration to determine the content of an agreement.

"AMMA opposes changes that would result in a situation where employers would be forced to agree or concede to more union claims or risk being forced to include the full ambit claims of unions by the tribunal.

"The changes as proposed also risk making the federal industrial tribunal a de facto project manager of greenfield sites and threatens to further place pressure on employers in an already unworkable system."

Ms Knight says AMMA is staunchly opposed to any compulsory arbitration power and advocates only a limited determination power; and only in relation to greenfield negotiations; and only by application from the employer.

"It is very important that greenfield determinations be based on an employer's best offer as long as it meets the safety net of the Better Off Overall Test (BOOT), the National Employment Standards and the modern award," she says.

"Given that average earnings in the mining industry are sitting at around \$120,000 a year, the greenfield determination process should really come down to a simple assessment of terms and conditions to ensure they satisfy the BOOT.

"This is a crucial area of reform for the resource industry and a missed opportunity if the government does not amend these recommendations before implementing them."

For all media requests, including a copy of AMMA's recommendations to the Fair Work Review Panel and broader commentary on yesterday's report, contact media adviser Tom Reid on M: 0419 153 407 or E: Tom.Reid@amma.org.au.