

Soaring costs and poor productivity - time to get real Fair Work reform back on track

REVELATIONS this week by our nation's top corporate leaders that the costs on major Australian resources construction projects have blown-out by up to \$20 billion should be a wake-up call to the federal government's lacklustre policy reform agenda, says national resource industry employer group AMMA.

As AMMA lodged its submission to the Senate on the first round of Fair Work legislative amendments, senior executives from Australia's biggest miners lamented huge cost blow-outs and dismal productivity on some of the nation's most critical major resources projects.

"At this week's Australian Resources Conference in Perth, speaker after speaker highlighted and directly linked many of the cost blow-outs and labour productivity issues to the government's Fair Work laws," AMMA chief executive Steve Knott said.

"Australia is at a defining point in our economic history, with more than \$500 billion worth of resources projects either approved or proposed for our shores, estimated to create up to 90,000 new jobs by 2016.

"Yet the government continues to ignore employers' significant concerns about the adverse impact the Fair Work legislation is having on the commercial viability of these projects, in terms of labour productivity and the excessive labour costs being incurred.

"This is particularly prominent in the offshore construction of major LNG projects, where the MUA has just this week threatened to derail major resources investment projects, all in pursuit of exorbitant outcomes and industrially motivated false claims about the important role played by a small number of foreign workers on resource sector projects. Such agendas have nothing to do with securing Australian jobs for the long-term."

Mr Knott's comments come as AMMA lodged its submission to Fair Work Australia on the first tranche of legislative amendments, introduced into parliament by Workplace Relations Minister Shorten earlier this month and now subject to a Senate enquiry.

"The resource industry has significant concerns around a number of the proposals, particularly those not recommended by the Fair Work Act review panel and on which no consultation has been entered into," Mr Knott said.

"These amendments have skirted the real problems with the Fair Work Act. In short, the bill misses the main IR reform game and instead focuses on creating two additional VP roles which if proceeded with would most likely undermine the integrity and impartiality of the tribunal's authority.

"With two VP roles already existing and inaction on the substantive IR issues affecting employers, there is little wonder why the business community's confidence in Labor's Fair Work system continues to erode."

AMMA urges the government to move swiftly to address the real issues that to date have largely been ignored. These include:

- Ensure the capacity to make greenfield agreements without exorbitant wage and condition outcomes or unnecessary project delays;
- Ensure that allowable matters in enterprise agreements pertain to the employment relationship;
- Ensure that protected industrial action can only be taken as a last resort;
- Ensure that the location and frequency of union workplace visits is reasonable; and
- Broaden the current agreement-making options through the re-introduction of some form of individual agreement making.

AMMA's Submission to the Senate Inquiry into the Fair Work Amendment Bill 2012 can be found [here](#).