



2014 AUSTRALIAN RESOURCE PEOPLE SUMMIT

Steve Knott – Opening Address (with John Howard introduction)

<Thank Bill Marmion and welcome delegates>

Thank you to Western Australia's Mines and Petroleum Minister Bill Marmion for opening our Summit. Clearly the resource industry will remain a cornerstone of both Western Australia's and the nation's economy.

Welcome delegates! For those of you whom I haven't yet met, my name is Steve Knott and I am the chief executive of AMMA, Australia's resource industry employer group.

The AMMA Summit (National Conference) has long been an annual highlight for professionals working in the 'people' related disciplines of Australia's wider resources sector.

In addition to the many familiar faces, I am also pleased to welcome a group of students here today from Curtin and Edith Cowen Universities. Supporting the next generation of 'people' professionals is something AMMA is committed to, with our Alumni now offering a bursary for post graduate study as part of our activities.

<Policy and leadership challenges>

Delegates at AMMA events are always highly engaged with helping set the policy framework our industry needs to prosper.

In recent years we have seen the consequences of governments not sufficiently engaging with the needs and feedback of our industry, which, despite challenging economic conditions still employs about 270,000

Australian people directly and accounts for 1.1 million through flow-on effects.

Our sector is one of the most globally engaged Australian industries, but we are also among the most heavily exposed to increasing global competitive pressures.

A raft of poorly thought-out and executed economic and taxation policies, as well as an inflexible, unproductive and combative workplace relations system, has seen our country lose much of its attractiveness in the competition for global project investment.

Over the past two years, more than \$150bn worth of critical job-creating projects have been delayed or cancelled, with investors not progressing the Browse LNG, Port Hedland mooted outer harbour, Olympic Dam expansion and Wandoan Coal projects, among others.

<Optimism and reform>

However, there remains plenty to be optimistic about in our sector. We still have more than \$200 billion worth of project investment committed for our country, and about \$208 billion in uncommitted project investment slated for our shores.

As many of the mega-resources projects that have defined the success of the past decade pass peak construction and move closer to the production phase, a great focus of AMMA's representative work is fostering a more competitive national framework to turn that \$208 billion in uncommitted capital into more projects, more jobs and more economic benefits.

AMMA has always said that with the right leadership and policy framework behind us, there is no reason why we can't prolong this period of great resources investment for many more years.

The first step in improving our national competitiveness is doing all we can to ensure the new Senate passes key policies the Abbott Government was elected to implement, including reducing red tape and abolishing the carbon and mining taxes.

Just as important is restoring some stability and practicality to Australia's workplace laws and AMMA's policy and government relations team has been working assiduously in engaging with the Employment Minister and his team on the key six priority areas as identified by our members and advocated over the past five years.

We are privileged to continue to represent our industry's interests in everything from parliamentary inquiries and the public debates through to long-ranging reviews such as that forthcoming by the Productivity Commission review.

Of course, enterprise will also need to play its part by pursuing efficiency and productivity gains and continuing to engage with global best practices and Australian-driven innovation.

<Brief overview of Summit topics and strengths>

And so this year's national event, the 2014 Australian Resource People Summit, is aptly themed *Innovation through People, Policy and Productivity*.

We will discuss everything from high level leadership techniques, workforce engagement and motivation, through to specific IR and HR challenges in various sub sectors of our resource industry. Our political guests will be here to talk federal policy with us, while in our concurrent sessions we will hone down on the best practice employee relations, training and development, work health and safety and much more.

There truly is something for everybody. I hope to engage with each and every one of you during our breaks and trust you will all enjoy what I believe to be our strongest national Summit program to date.

<John Howard introduction>

It is now my privilege and pleasure to introduce our first keynote speaker today and AMMA's special political guest at this year's Summit.

AMMA takes great pride in bringing to our members some of the most influential people in Australian politics. Last year we had Eric Abetz, Bill Shorten and Joe Hockey, while tomorrow we have Michaelia Cash, Gary Gray and Brendan O'Connor lined up for you.

While he has been happily retired since November 2007, there is no doubt that our keynote political speaker today still has his finger firmly on the pulse of Australian policy and politics.

Economic Management

John Howard is the second longest serving Prime Minister in Australian history, having held office from March 1996 until November 2007.

<AV WILL CLICK TO SLIDE TWO>

Under his leadership, Mr Howard dramatically reduced Australia's unemployment rate from the 8.4% he inherited in 1996, to a low of 3.9% in February 2008 and leaving office at 4.4% - clearly his IR policies were assisting employment growth). After six years our previous government left office with unemployment at 5.7%.

<AV WILL CLICK TO SLIDE THREE>

Real wages growth under Mr Howard was also easily the strongest of the past 40 years, averaging 1.8% annually or 21.5% over his term. While the introduction of the GST in 2000 was a bold move politically, such vision to provide a more efficient consumption-based taxation system highlights how

Mr Howard had both a knack for progressive, sound economic policy as well as the political convictions to follow through.

His Government's management of our industry saw the resource sector's gross value added rise 54 per cent - from \$136.5 billion in 1996, to \$202 billion in 2008. In the same period, direct employment in our industry grew from about 88,000 people to 161,000 people – an incredible increase of 83 per cent.

So it is safe to say that Mr Howard will have plenty to say about the management of Australia's resource industry since his time in office, and where he expects it to go from here.

Workplace relations reform

Of course another major area of reform undertaken by Mr Howard was in workplace relations where he worked tirelessly, starting immediately with the *Workplace Relations Act 1996*, to deregulate and modernise our IR system.

Last year Mr Howard was quoted in a 60 Minutes Interview saying he was 'very proud' of what his government achieved in the area of workplace relations. Indeed, a lot of what his government achieved during its extraordinary reform agenda came down to his personal energy and commitment in building an industrial relations framework that looked beyond the very conservative thinking in Australia as to what may be possible.

Workplace reform dates

Since Mr Howard was in office, there has been a lot of focus on reversing many aspects of this workplace reform, resulting in a great deal of short-sighted and damaging policy making.

Those of us who work with the system day in and day out have a more intimate knowledge of things Mr Howard improved with the help of his

committed ministers Reith and Abbott – some of those things continue to benefit the employment landscape to this day.

But we aren't here today to reflect on the achievements of the Howard government or even how much of them were unwound by six years of Labor. Rather, his insight into where we need to go as a nation on workplace relations and productivity will be invaluable.

Right of entry example.

It is somewhat ironic, however, that in some areas of workplace policy we must first go back to Howard's policies before we can go forward. Perhaps the best example of this is in the raft of changes that have been made by Labor to Howard's union site entry laws.

Under the Howard Government it was widely recognised that union site entry laws were balanced, well understood and respected by all. The basic concept was if a union had coverage of a workplace, if its members had requested they visit, such a visit was for official union business, and they could give the employer an appropriate amount of notice so as to not disrupt operations or productivity – then they could legally enter a worksite.

Leading up to the 2007 election which would ultimately be won by Kevin Rudd and his deputy Julia Gillard, Australian employers received a number of emphatic assurances from Labor that it wouldn't touch these rules.

Shortly before the election, Gillard, as both deputy and also Labor's spokesman for workplace relations, even famously told the National Press Club that she would pledge in blood, bet her house and provide her mother as a hostage, if people didn't believe her promise not to touch the union right of entry laws.

Of course that promise was not honoured. Even more important than the politics of broken promises was the Labor government's change of position

away from sound and established policies to a model that has since created significant practical problems.

The changes included in the Fair Work Act meant more unions, more frequently, were visiting worksites on membership fishing expeditions, adding to workplace safety, cost imposts and productivity challenges.

For instance, Woodside's Pluto LNG Project received 217 entry requests in just four months; while the Worsley aluminium plant experienced more than 180 visits in a single year.

Then of course in 2013, Bill Shorten went against the wave of industry evidence that these laws were creating major commercial problems, and further opened up Australian workplaces to union disruptions.

The latest changes included uninvited intrusions to employee lunchrooms and employers being required to subsidise remote site visits for union officials to visit underground mines, offshore resources platforms and the like.

Now the ironic part is that the Abbott Government's policy for improving this situation is to return the laws to Howard's model – the model that Gillard and Rudd promised not to touch in the first place.

It's as if IR reform in this country is stuck in a spin cycle in that to move forward towards a modern, competitive and productive system, we must first look backwards.

This is possible the strongest indication yet that John Howard was somewhat ahead of his time and his vision for workplace regulation in Australia was indeed in the interests of the long-term.

If only we could get back to Howard's way of thinking outside the box on policy reform, we may just be able to reverse some of major challenges to our productivity and competitiveness that have emerged since he left office.

If you review our former Prime Minister's 11 years in office it is clear the need for reform and actual reform were both necessary and happened.

In 1992, a Newspoll showed 64% of respondents believed individual workers should have the right, if they so chose, to negotiate directly with their own employer without the intervention of a union.

No surprise that the Howard government's Workplace Relations Act of 1996 entrenched individual contracts; contracts extensively utilised in the resources sector; and now sadly missed.

Our nation's prosperity is not inevitable, Australians must earn its way not glide.

Importantly, as we saw with the loss of AWA's and a raft of other anti-business/ALP sponsored IR re-regulation and union privileges, reform can't just be left to the Government. It must be advocated wisely by groups such as AMMA, our industry people here present today and others. (refer p580 Lazarus Rising) If we do that, good days lie ahead.

UK Chancellor anecdote

I will leave you with a final thought before Mr Howard takes the stage.

AMMA greatly appreciates those of you who have travelled more than 2000 miles from the East Coast to be here this week. In context though, for George Osborne, the UK's Chancellor of the Exchequer, this would be a short trip to see our headliner.

Visiting Sydney in March this year for a G20 meeting, Osborne had lunch with our Former Prime Minister and likened his vision and appetite for difficult yet progressive decisions to that of Margaret Thatcher.

In fact Osborne's final comment on the trip was that "the G20 meeting was just a bonus, I would have flown 10,500 miles just to hear the wisdom of John Howard".

And so ladies and gentlemen, please welcome to the stage our 25th and second longest serving Prime Minister and in my lifetime our best Prime Minister, the Honourable John Howard.

<Shake Howard's hand and exit stage>