

# MEDIA RELEASE

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## One in four business leaders now rank IR Australia's biggest problem

AMMA – Australia's resource industry employer group

THE CARBON Tax and Mining Tax may be gone but with one-in-four business leaders now ranking industrial relations the biggest barrier to doing business in Australia, a mature debate about workplace reform is well overdue to get our nation back on a level playing field.

The World Economic Forum (WEF) has released its annual *Global Competitiveness Report 2014-15*, showing Australia's ranking has again dropped, and again it is labour relations dragging the chain.

"While local political and vested interest groups continue to neglect and downplay the impact of industrial relations on our competitiveness, the rest of the world views our country as a less attractive place to do business than 12 months ago," says Steve Knott, AMMA chief executive.

"21 other countries are now perceived as better places to invest and conduct economic activities than Australia. That includes Luxembourg, Taiwan, Qatar, the UAE and New Zealand.

"Perception remains very important when global companies are looking to invest in a country. For the third year in a row, labour regulation has again been singled out from 16 factors as by far the most problematic for doing business in Australia.

"Back in 2010-11, before the full impacts of the Fair Work Act were felt, only 13.1% of survey respondents nominated labour regulation as the biggest barrier to business in Australia. This has risen steadily to now see 25.4%, or over one-in-four business leaders, nominate IR as our worst area."

Tellingly, the WEF measures of corporate governance, tertiary education, market competition, banking stability and scientific research (innovation) all place Australia within the top 10.

Meanwhile, the worst performers are flexibility in wage determination (132), pay and productivity (125), hiring and firing practises (136) and co-operation in labour-employer relations (109).

For the highly globalised resource industry, Mr Knott says this competitive decline in labour relations is exacerbated by emerging low cost competitors and increasing domestic cost pressures.

"We choose to live and work in a first-world nation and thus don't seek to compete with Asia, West Africa or the Middle East on labour costs, but we clearly compete on the stability of our financial systems, our management and innovation," he says.

"To properly leverage Australia's advantages in these other areas, we must recognise and understand the impact of industrial relations when competing for new resource project investment.

"Only by improving our workplace system to at least match our OECD peers can Australia's overall competitive position in the world rise and see us bring more capital and jobs to this country."

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