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Workplace reform could add 36,000 jobs and \$30bn to our economy

NEW KPMG research into the impacts of our workplace relations system on resource sector productivity and investment has shown that the industry's recommended reforms could add up to \$30.9 billion to Australia's GDP and create up to 36,000 additional jobs.

KPMG estimates that if key workplace reforms advocated by AMMA were fully implemented, they could collectively support resource sector productivity growth of up to 5% and investment of up to 8%. This would grow national GDP by 2% and employment by 0.3%.

"In real numbers, this means Australia could have \$30.9 billion more in GDP and an additional 36,000 jobs if modest workplace changes identified by the resource industry were enacted," says AMMA chief executive Steve Knott.

"This research takes what we believe are sensible, modest changes to the workplace system and quantifies the significant benefits to our economy, employment and living standards.

"KPMG's report should be a wake-up call to our politicians and the wider community that workplace relations reform is important for the prosperity and job opportunities of all Australians. We must have a national discussion about fixing the problems that beset the current system."

The KPMG research report, [Workplace Relations and the Competitiveness of the Australian Resources Sector](#), is released as the Productivity Commission on Friday takes submissions for its wide-ranging review of Australia's workplace relations system.

AMMA's comprehensive submission will present KPMG's analysis, which draws logical, clear links between AMMA's recommended workplace relations reforms, the likely outcomes for labour productivity and investment in the resource industry, and the benefits to the nation as a whole if such reforms were enacted.

In building its quantitative analysis of changes in workplace relations, KPMG consulted a range of resource employers including AMMA members and found AMMA's reform options could have the following impacts:

- **Agreement making & bargaining:** Reducing the costs associated with project delays, unproductive operational practices, and excessive increases in wages and conditions.
- **Strike action:** Reducing the risk of actual and threatened industrial action on major resource projects - minimising risks to project timelines, costs and loss of production.
- **Union site entry laws:** Reducing the administrative, compliance and productivity costs of excessive and unnecessary union visits under the *Fair Work Act*. AMMA says access should revert to the pre-2009 position of being undertaken on a reasonable and orderly basis.
- **Adverse action laws:** Reducing the rising costs and prevalence of employers having to defend themselves against legal claims and a 'guilty until proven innocent' reverse onus of proof that employers say encourages unmeritorious claims.

In addition to economic modelling of proposed workplace reforms, KPMG also explores the competitiveness of the Australian resource industry, with key findings including:

- Between 2007 and 2012, Australia has gone from being one of the most competitive markets for coal production to being 66% more expensive than the global average (cost increase of 189% in just five years).

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- Wages in the Australian iron ore industry, as a proportion of revenue, are 21% higher than the global average.
- From 2001-2012, construction wages in the Australian resources sector have risen at 2.5 times the national average, twice as fast as Canada and three times as fast as the USA.
- It is 26-30% more expensive to produce LNG in Australia as it is in Canada.
- It is nearly 150% more expensive to staff the same vessel in Australia's offshore resource industry compared to a European OECD economy. It is more than triple the cost to staff an Australian vessel compared to staffing a vessel with a crew from a South-East Asian nation.

"While detailing the competitive challenges facing our industry, KPMG's report should create optimism about where our nation can go if we approach the Productivity Commission's review as a genuine opportunity for fundamental workplace reform," Mr Knott says.

"The resource industry represents 10%, or \$155bn, of Australia's GDP. Directly, it employs 2.3% of Australia's workforce and up to 10% in flow-on effects and indirect employment.

"Given KPMG's analysis found that workplace relations reform in the resource industry alone could lift real GDP by up to \$30.9bn and grow employment by up to 36,000 jobs, we must consider the significant national benefits if genuine reform was undertaken more widely."

[Click here](#) to read the KPMG report *Competitiveness of the Australian Resources Sector*.

NOTES FOR MEDIA

AMMA (Australian Mines and Metals Association) is the national resource industry employer group and has been representing resource employers on workplace matters since 1918.

Chief executive Steve Knott will present on these findings at the Australian Oil and Gas (AOG) Conference in Perth today (Thursday, 12 March) at 10:30am local time.

AMMA will present its detailed recommendations for reform of Australia's workplace relations / Fair Work system to the Productivity Commission this Friday.

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