

MEDIA RELEASE

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Falling resource forecasts confirm the urgency of workplace reform

URGENT reform to laws governing industrial relations on new resource projects are needed to help encourage greater investment into this country following a significant drop in the forecast value of our resource and energy exports, warns Australia's resource industry employer group, AMMA.

The federal government's new [Resources and Energy Quarterly](#) reveals that the forecast value of our exports for 2016-19 has been revised down by \$113 billion. This is 14% lower than the value forecast just 12 months ago.

"This means lower taxes and royalties than previously expected and further pressures on business spending and jobs. Just as employers are already having to trade on higher volumes to make money, it will be in the national interest to increase our share of global resource exports in a lower commodity price environment," says AMMA executive director, Scott Barklamb.

"Lowered export earnings forecasts underscore the need for our policy makers to take urgent action to improve Australia's attractiveness as a destination for global resources investment.

"One key way to help increase investor confidence is to improve the laws governing employment agreements for new (greenfields) projects, which currently require employers to accede to union demands before a single person can be hired, or a sod turned on a new project.

"The 'veto power' our existing laws give unions contributes to delays and high costs that are dragging down Australia's reputation to deliver complex, multi-billion dollar resource projects on time and on budget.

"International investors are marking Australia down as a place to do business because they cannot rely on our industrial relations system to deliver reliable, timely and cost effective employment arrangements."

The Senate looked close to a breakthrough on some useful reforms to greenfields agreement making in September, but they were not passed, and unions are doing all they can to oppose any changes to their current preferential veto powers.

The need for reform was recently recognised by the Productivity Commission, in its draft recommendations which include:

- A 'life of construction' agreement option (on top of a maximum five-year agreement length).
- Providing alternatives to making a deal with unions where negotiations stall.

This needs to go further, including:

- Scope to roll over greenfields agreements with employee support.
- Head contractor greenfields agreements that other contractors can then follow.
- Ensuring tests for greenfields agreements do not entrench already inflated wages and conditions.

"Consensus for urgent reform in this area is growing. The Opposition should not continue to filibuster and block reform as evidence mounts that Australia needs to attract more resource investment to help grow our long-term export capacity, drive our national economy and create jobs," Mr Barklamb says.

[KPMG research](#) commissioned by AMMA found that it can often take two years to secure a greenfields agreement that will only run for four years. However, shortening the delay to negotiations by just two months would increase an average resource project's net present value by \$4.6 million.

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