

# WORKING THE WAY FORWARD

AMMA leads the charge for competitive reform



Storm over the salt ponds, Port Hedland  
Simon Phelps Photography



STEVE KNOTT  
CHIEF EXECUTIVE OFFICER  
AUSTRALIAN MINES AND  
METALS ASSOCIATION

At a time when recapturing the resources industry's competitive advantage is critical for the future prosperity of Australia, peak employer group Australian Mines and Metals Association (AMMA) is giving voice to workplace relations reforms that will support the productivity and leadership strategies of all mining, oil and gas, and related service sector employers. One man who is eminently across the ongoing needs of the industry in its bid to remain competitive is the author of this article, AMMA Chief Executive Steve Knott.

While 2015 has delivered little practical outcomes in the area of workplace relations reform, the past 12 months has seen extensive debate about the impact of Australia's employment laws on the productivity and competitiveness of Australian businesses.

As a capital and labour-intensive industry that is highly exposed to global pressures, the resources industry has much to gain from workplace relations reform, or if lacking, equally much to lose.

AMMA has long been recognised as the national voice on workplace issues, and we are proud to be leading the way for resource employers in this important area.

Earlier in the year, we launched ground-breaking KPMG research into the true impacts of Australia's workplace relations system on productivity and investment in the resources industry. The results were startling. >



We deliver.

## Aurizon is Australia's largest rail-based transport business and a top 50 ASX company.

Each year, we transport more than 250 million tonnes of Australian commodities, connecting miners, primary producers, and industry with international and domestic markets.

We are Australia's largest haulier of iron ore for export outside the Pilbara region. Our dedicated iron ore business in Western Australia

is delivering unique solutions to meet our customers' growth plans.

Working closely with our customers and partners, our workforce reflects the diversity of the communities in which we live and operate, as we continue to deliver the desired business outcomes safely, on time and on budget.

By modelling the potential benefits of our members' major priorities for reform, KPMG estimated that change to key problem areas could collectively support resources sector productivity growth of up to 5% and investment of up to 8%.

In real numbers, this would add up to \$30.9 billion to Australia's GDP and create an additional 36,000 jobs.

KPMG noted in its report that consultation with resources sector businesses highlighted that "there are a number of challenges associated with the current workplace relations framework that have potential implications for the competitiveness of the sector". It said addressing these challenges has the potential to support favourable economic outcomes, including "continued investment in resources projects, improved operational efficiencies and employment growth".

This research was undertaken to inform the Productivity Commission (PC) as it undertook its wide-ranging review of Australia's workplace laws throughout 2015, with its final report to be delivered to the Australian government in November.

AMMA has approached the PC inquiry as an opportunity to ensure Australia's workplace relations system supports future employment and investment growth.

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It is an unfortunate reality that the Fair Work system is increasingly failing Australia, and that if we do not pursue reforms to better support productivity and competitiveness, our living standards will decline.

What AMMA achieved by funding the KPMG project was to reinforce the practical experiences of our members with rigorous and independent economic research as to what could be delivered to our community if we had the resolve to undertake meaningful reform.

Our submission to the PC review; *Getting Back on Track: Delivering the Workplace Relations Framework Australia Needs*, was the most comprehensive of submitting parties and provided more than 170 reform recommendations to better support a prosperous and internationally competitive resources industry.

These covered key areas of concern for resource employers including individual flexibility, new project agreement making, industrial action, union access to workplaces, agreement content and adverse action/general protections.

However, despite the 255 submissions and five months of robust political debate, the PC's recommendations have received a lukewarm response from the business community and fell well short of the fundamental reform the process originally promised.

With the PC downplaying its recommendations as a 'repair job', it seems increasingly unlikely this process will end the inertia on meaningful and necessary changes to Australia's industrial relations system.

It is not all doom and gloom however, with the report addressing some important issues for resource employers.

For example, the report does pick up AMMA's recommendation for a greater range of options for making employment arrangements for major new resource projects. Known as 'greenfields projects', these agreements under the *Fair Work Act* have long been blamed for project cost blowouts and extensive delays.

The current system provides unions with an irresponsible 'veto power' and drags Australia down when competing with nations like Canada, the United States and emerging Asian markets for new project investment.

The Productivity Commission recommends strong incentives for parties to reach an agreement within a three-month period, and that good faith bargaining principles also apply. We are

hopeful this will see new projects approved and come to fruition much faster in Australia.

Of course, this would make a very big difference to our attractiveness to the global investment community.

Further, the draft report proposes a 'life of construction' agreement, or five-year agreements rather than the current three or four. Both options would provide greater industrial certainty during the construction phase of a project.

Another area in which AMMA's advocacy is reflected is in the acknowledgement that the structure and appointments process of the national workplace tribunal, the Fair Work Commission (FWC), requires immediate attention.

It found that a new fit-for-purpose governance model could reduce inconsistencies in some of the FWC's decisions, and recommends fewer members of the tribunal be drawn from the ranks of former officials of trade unions or employer groups.

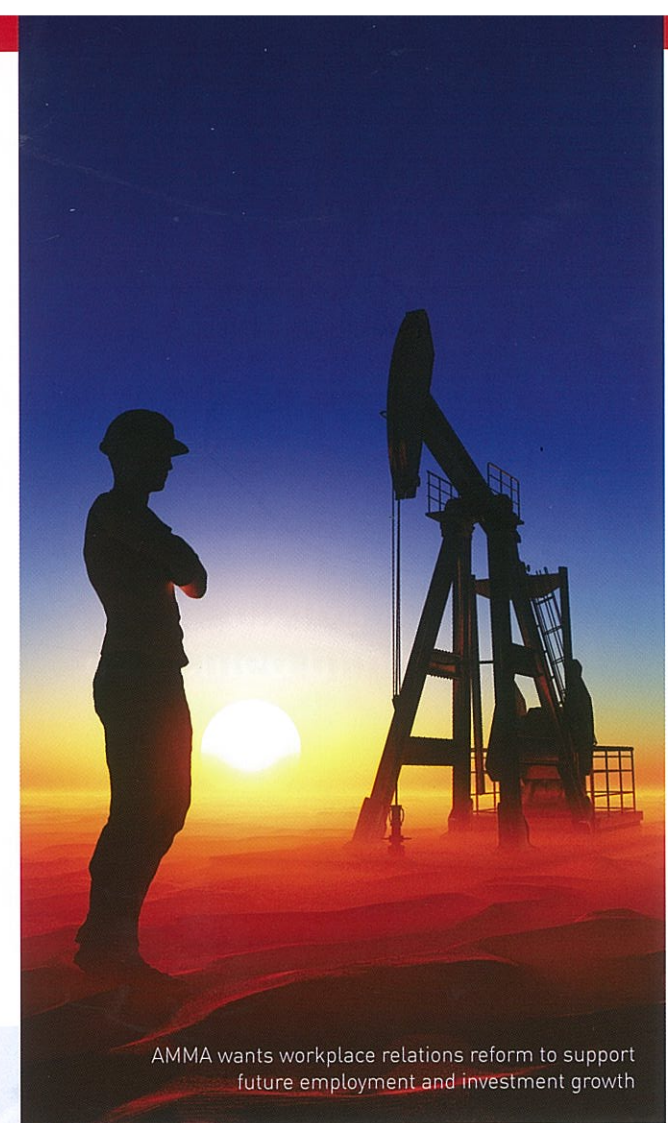
Overall, 2015 has been a frustrating year for workplace relations reform.

However, the next 12 months hold the potential for significant workplace change, with several projected key political developments and reform processes on the horizon.

If we can have a reasoned national debate, our country can deliver key opportunities for meaningful reforms to support our future aspirations. AMMA will ensure the resources industry's experiences and priorities are front and centre as this positive debate unfolds.



KPMG modelling found that fixing key problems in Australia's workplace relations system could create an additional 36,000 jobs



AMMA wants workplace relations reform to support future employment and investment growth