



Unions block greenfield jobs boom

Employment

The inexplicable opposition to 'life of project' IR reforms jeopardises billions of dollars of foreign investment in energy and resources jobs.



Steve Knott

While there is a great deal just plainly wrong with the ALP and trade unions' campaign against the Morrison government's industrial relations reforms, perhaps the most egregious is the opposition to creating "major project greenfields agreements" to help secure new investment in Australia's mining and oil and gas industries.

Picture this: a nation in which the economy, jobs and living standards are largely tied to the strength of its resources and energy industry now has \$334 billion of new major project investment in its pipeline to lead its recovery from COVID-19.

Any other country would look to Australia with extreme envy.

In December, the Department of Industry described our resources and energy sector as potentially entering "a new growth cycle".

About \$84 billion of new project investment is either locked in or advanced in planning, which could create about 50,000 jobs, both in short-term construction works and long-term production roles, by 2026.

While this will be of huge value, the bigger potential is in prospective new projects which the department considers less advanced in planning and still very much up for grabs in a highly competitive global investment marketplace.

In this category there are 237 prospective major projects worth a collective \$250 billion. The potential job creation here would at least double the conservative forecast above.

Not to mention the decades of multibillion-dollar tax and revenue

royalties that such projects deliver to state, territory and federal governments to fund infrastructure and social programs.

This is where the proposed reforms to the Fair Work Act's greenfields agreement-making framework come into the equation.

The problem with the existing framework is that greenfields agreements – which set employment terms and conditions for new projects – have a maximum nominal expiry date of four years from when they are approved by the Fair Work Commission.

Major projects in the resources and energy industry can take four to seven years to build.

Often, construction doesn't start until a year after the industrial relations arrangements are set through employer-union negotiations.

For this reason, four-year maximum agreement terms present a significant risk to international investors who ultimately determine where billions of dollars of major project capital is allocated.

In short, the potential for greenfields agreements to expire midway through a major project's construction phase exposes that project to both short- and long-term strike action by militant unions, the effects of which include disruption, completion delays and cost blowouts.

I was a member of the Attorney-General's working group on greenfields agreement-making last year, alongside government, union and other employer participants.

In these meetings, we heard detailed evidence from executives of resources companies about how this part of Australia's IR system is a massive hurdle for future investment.

They explained how critical it was for securing final sign-off on investment decisions to have certainty on employment terms and conditions for the life of a project's construction.

We also examined evidence that the construction of the last four mega-LNG projects were all beset by mid-term strike action which, alongside some other factors, significantly contributed to all being delivered years late and billions over budget.

The Morrison government's IR bill would remove this barrier by allowing greenfields agreements for major resources projects with a minimum capital value of \$500 million to be in effect for up to eight years.

By providing industrial stability for the full length of a project's construction, this reform would send a clear message to global capital markets that Australia is serious about securing the next wave of major resources project investment.

Given the massive opportunities on offer for all Australians, the unions' campaign against this important reform is inexplicable.

One of the CFMEU's public claims is that such agreements risk locking employees into long-term agreements with minimal wages growth.

The union knows this is complete nonsense.

Unlike other agreements, greenfields agreements must be reached with unions.

The CFMEU has been, and will continue to be, involved in just about every major resource project greenfields agreement negotiation, of which wage rises are a key component.

Wage rises in resource sector greenfields agreements are always much higher than average increases in the broader economy.

On major resources and energy construction projects, where employees are highly skilled and highly paid, and where they work under union-negotiated greenfields terms and conditions, nobody is being exploited.

By ignoring all the evidence presented to them in the working group process and opposing minor changes to the one part of the IR system where they have a mandated seat at the table, the unions are showing they are stuck in a vortex of opposition for opposition's sake.

It shows they have no real interest in advancing meaningful industrial relations reforms that will provide massive jobs and revenue benefits to Australia, right when we need it most.

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