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Media Release

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Workplace reform should be at the centre our national productivity agenda

The Productivity Commission's review of Australia's workplace relations framework provides an opportunity for much-needed reform of a system that is failing the national interest.

Improving workplace productivity is a crucial part of the global competitive challenge facing Australia's oil and gas industry.

APPEA Chief Executive David Byers said: "The Fair Work Act 2009 continues to reduce the oil and gas industry's capacity to deliver the current wave of projects on time and on budget.

"The successful completion of $180 billion worth of liquefied natural gas (LNG) projects under development remains the priority yet restrictive workplace laws that encourage high labour costs and low productivity threaten future investment in Australia.

"Ultimately we need a system that enhances our global competitiveness by encouraging flexibility and innovation.

"Australia is regarded as a relatively high cost location for LNG projects due to their complexity, remote locations and exposure to some of the highest construction costs in the world.

"It is now time for a serious and mature discussion about driving productivity growth to support jobs, investment and our international competitiveness."

Mr Byers welcomed the Productivity Commission's acknowledgement of industry concerns that high negotiated wage rates and excessively short term greenfields agreements threatened the viability of long-term investment in the resources sector, particularly LNG production.

These concerns were highlighted last year in an APPEA report – *Improving Labour Productivity: A Regulatory Reform Agenda* – which recommended a new form of enterprise agreement that would specifically apply to major capital projects, such as multi-billion dollar LNG plants.

These Major Project Agreements (MPAs) would reflect both the scale of these projects and the timeframe required to develop them by:

- Limiting the time available to negotiate;
- Having the Agreement apply for the entire period of project construction as opposed to a renegotiation every four years; and

Canberra +61 6247 0960 appea@appea.com.au
Brisbane +61 7 3231 0500 brisbane@appea.com.au
Darwin +61 4 3391 7317 darwin@appea.com.au
Perth +61 8 9426 7200 perth@appea.com.au
Sydney +61 2 8241 1900 sydney@appea.com.au

- Requiring negotiations to be specific to individual major projects' circumstances, thus preventing the most recent deal struck automatically becoming the minimum benchmark for the next.

Mr Byers said APPEA would also urge the Productivity Commission to consider the need for further reforms to protect major capital investments once an MPA has been put in place, including:

- Changing Right of Entry provisions, applying them only to those unions with which agreements have been made and subjecting permit applications to greater scrutiny;
- Bigger fines for unlawful industrial action;
- Raising the threshold for protected industrial action;
- Anti-picketing laws that deliver faster determinations regarding lawfulness; and
- Re-introducing a well-resourced Australian Building and Construction Commission.

Mr Byers said: "These changes are not only sensible, responsible, and achievable within the Federal Government's current term of office, but also critical if the sector is to increase investment and deliver more jobs."

Media contact: Chris Ward 0408 033 422 or cward@appea.com.au