



The Advertising Campaign on Flexible Workplace Arrangements

The Minerals Council of Australia has taken the unprecedented step of joining in a Business Coalition for Workplace Reform comprising both big and small business organisations to conduct a public relations campaign promoting choice and flexibility in Australia's workplace relations system – critical to the economic and social wellbeing of the minerals industry, its workforce, the communities in which it operates, and all Australians.

The objective of the public relations campaign is to build community awareness and understanding of the importance of a modern progressive workplace relations system – in this, the campaign will promote good workplace relations policy and contest the deliberate provocation and misleading claims in the ACTU's advertising campaigns directly challenging the industry's commitment to the wellbeing of its workforce.

The ALP's recent IR policy statement - Forward with Fairness: Labor's plan for fairer and more productive Australian workplaces April 2007 - represents a radical departure from the progressive reforms of the last two decades, spanning the Hawke, Keating and Howard Governments, which have transformed the Australian workplace relations system to emphasise the individual worker, the individual enterprise and productivity. Of particular importance to the Australian minerals industry is that the ALP has declared that it will remove access to statutory individual agreements (Australian Workplace Agreements – AWAs) “lock, stock and barrel”, thereby restricting businesses' and employees' choice to the full range of employment arrangements.

Minerals Council of Australia Policy and Industry Practice

The Minerals Council of Australia (MCA) is committed to a national system of workplace relations that provides for choice and flexibility in the full range of employment instruments, including statutory individual contracts (AWAs) and union and no-union collective agreements underpinned by an effective safety net.

Choice and flexibility in workplace arrangements are necessary to provide the range of employment options needed to cater for operational diversity across the minerals industry. Enterprises, within and between companies, often have vastly different operational requirements and operating parameters (ie. geography, ore bodies, and operational functions covering exploration, mining, minerals processing, and closure). In addition there is significant employee diversity, including the range of skilled professional and trades people in a wide range of occupations across a multitude of rostering arrangements, gender and cultural diversity, and the risk management requirements in protecting employees health and safety.

For over a decade the Australian minerals industry has used the full range of employment arrangements – including AWAs, union and non-union collective agreements, and common law contracts underpinned by awards where they exist. Many operations offer multiple options. Some operate under a single employment arrangement, and prospective employees are able to choose whether they wish to be employed under the terms and conditions of that operation.

The industry needs workplace arrangements that promote rather than impede the development of direct collaborative relationships between employers and employees – developing a culture of shared objectives and recognition of contribution and performance.

Individual contracts are increasingly a feature of employment in the minerals industry – over 50% of minerals industry workers are on AWA individual contracts; nearly two thirds of all miners in the metal ore mining industry are on AWAs; 85% of all metal ore miners in Western Australia are on AWAs; and even in the relatively unionised coal industry workforce (66% union membership), 11% of coal miners are on AWAs.

The Australian minerals industry considers that direct employer-employee relationships have provided the foundation for improved safety and health performance, improved productivity and business performance, greater job satisfaction, increased wages and salaries and greater benefits to communities through employment opportunity and prosperity.

The Australian minerals industry embraces the concept of “freedom of association” – the right to belong and the right not to belong to a union, and the right to choose whether to be represented in negotiating workplace agreements.

Why a workplace relations campaign? – three good reasons...

... standing up for good policy

Workplace relations reform has spanned two decades, three phases of reform, and both Labor and Coalition Governments – providing the framework to remove outdated, restrictive work practices, providing flexibility and choice in workplace arrangements and transforming pay and conditions and workplace culture, delivering significant tangible dividends.

The dividends of this transformation are not simply measured in output, but also in a new modern progressive workplace culture, which is safer, more harmonious and more productive, and more conducive to the needs and expectations of the workforce, the business and the communities in which the minerals industry operates. Jobs, wages and salaries, productivity and investment have all grown strongly, occupational health and safety has improved, and industrial disputes are at record lows.

In the decade since the 1996 workplace relations reforms (1996-2006):

❖ employees in the minerals industry earned over 50% more than the all industry average and real wages growth exceeded the all industry average:

- **annual average full time adult ordinary time earnings (in real terms)** in the minerals industry was \$1,101 per week compared with the all industry average of \$719 per week;
- ordinary full time earnings of males in the minerals industry grew by an average 2% per annum during the decade 1996 2006 compared with the all industry average of 1.5% per annum.

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- ❖ **multifactor productivity (MFP)** increased significantly in the minerals industry outstripping the all industry average:
 - on average, mining MFP was 11% per annum higher each year than the Australian all industry MFP average;
 - the increase was particularly pronounced in the 5 year period after the 1996 reforms notwithstanding that this was a period of “disinvestment” in an industry struggling to recover the cost of its investment capital. On average, mining MFP was 16% higher per annum compared to the Australian all industry MFP average during this period; and
 - despite the lag phase production effects of a significant increase in capital investment and employment since 2001, mining MFP continues at 3% per annum compared with the all Australian industry MFP average of negative 0.4% per annum.
- ❖ **occupational safety and health performance** improved dramatically, even though it fell short of the industry’s goal of zero harm – compared with the preceding decade to 1995, on an annualised average basis, there has been in the Australian minerals industry:
 - a 77% reduction in lost time injury frequency rates per 200,000 hours worked (LTIFR) - from 48 to 11;
 - a 50% decrease in fatalities per annum - from 28 to 14.
- ❖ **real net capital expenditure on production and infrastructure related projects increased significantly and is currently at record levels:**
 - compared with the preceding decade to 1995, average annual expenditure increased by 38% to \$5 billion per annum (\$3.6 billion per annum in the preceding decade);
 - current projections are in the order of 300 projects either completed, advanced or under consideration, representing an estimated \$160 billion of new capital investment;
 - working days lost to industrial disputation are at the lowest level in the industry’s recorded history;
 - compared to the preceding decade to 1995, the reduction in working days lost per 1000 employees per annum decreased in the coal sector by 76% (1,725 to 398) and in the all other mining sector by 89% (175 to 19).

... contesting the misleading claims by the ACTU

The transformation to a workplace culture characterised by collaborative, direct relationships between employers and employees, is fundamental to the industry’s commitment to corporate social responsibility – the wellbeing of its workforce and surrounding communities – this is the foundation for a continuing social licence to operate.

The MCA has a responsibility to ensure its hard-won reputation for corporate social responsibility is not compromised by misleading claims by the union movement which challenge the industry’s commitment to the wellbeing of its workforce – its number one value.

The ACTU’s advertising campaign both explicitly and implicitly challenges the industry’s commitment to the well being of its workforce and seeks to trash its reputation as employers and companies with strong adherence to corporate social responsibility. Therefore, it should be challenged.

... promoting the opportunity costs of “bad policy”

In the past, Australian workplaces in the minerals industry were perpetual battlegrounds of a “them and us” conflict. It was a culture of confrontation and divisiveness with strikes often over issues as ludicrous as the number ice-cream flavours offered in the workplace canteen. Any attempt by the union movement to turn to the “class wars” of a past era is anathema to collaborative, mutually beneficial direct relationships between employers and employees.

The Australian minerals industry cannot afford a return to such an industrial culture. Any “backsliding” on flexible workplace arrangements would recreate the artificial dichotomy between worker and management. The economic and social consequences of the resulting disruption and disharmony in the workplace would be profound.

If the Australian minerals industry is to continue to grow and fully capitalise on the strongest global market growth in a generation, to the benefit of all Australians, the industry must:

- ❖ have continued access to the full range of employment instruments, including statutory individual contracts (AWAs), underpinned by an effective safety net;
- ❖ have the freedom to determine whether or not to collectively bargain and the freedom to determine, by mutual agreement, the nature of the terms and conditions of employment;
- ❖ have freedom of association – the right to belong and the right not to belong to a union and the right to choose or to refuse to be represented in any negotiations;
- ❖ must be able to prevent unauthorised access to the workplace; and
- ❖ be a reliable supplier and therefore have certainty in what is and is not lawful industrial action, with effective controls in place to deal with unlawful industrial action.

Above all, a national workplace relations system must enable the industry to continue to engender a culture of collaboration, of individual enterprise and personal accountability, and of mutual dependency and prosperity. This will not be delivered by a retrograde approach to two decades of progressive workplace relations reforms that provide for modern and progressive workplaces in a dynamic global market

MINERALS COUNCIL OF AUSTRALIA

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