



AMMA MEDIA RELEASE

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Resource sector response to Minister Ferguson's proposal to increase super

Resource industry employer group, AMMA, has given its qualified support to Minister Ferguson's calls for increased superannuation contributions, saying the concept has merit in certain areas within the resources industry.

Some parts of the sector have already gone down this path with employers making extra super contributions, subject to employees also making their own contributions.

AMMA Chief executive, Steve Knott, said the Minister's proposal is commendable, but only where any super increases are offset by reductions in proposed wage claims and only if the trade union movement commits to reigning in unsustainable wages being pursued across the sector.

"In some areas of the resource industry wages have increased by 37.5% per cent in the past year alone," Mr Knott said.

"Offsetting a three per cent increase in superannuation against proposed wage increases is a start, but will unfortunately not come close to addressing the real source of the problem, which at present is unions using existing workplace laws to recklessly jack-up wage rates to unsustainable levels at the expense of all Australians.

"At a time when the RBA is citing concerns about the impact of the mining and resource sector wages driving up interest rates, it is incumbent on Government to identify policy measures to curb wage inflation and promote wage restraint.

"Given the stated position of the ACTU and other unions, who have already openly refused to endorse an offset of increased superannuation against proposed wage claims, the industry is entitled to be pessimistic about obtaining any trade-off where we are relying on the goodwill of the union movement."

Mr Knott said for the proposal to work, the Government must give serious consideration to bringing the workplace laws back into balance, by ensuring unions are no longer able to extort unreasonable wage increases from employers where workers are already generously paid.

He said the Fair Work Act currently restrains the ability of both Fair Work Australia and employers to reject or defend exorbitant or excessive wage claims, particularly in negotiations for project agreements.

"The existing system is flawed in so far as it has removed all other options for employers to make agreements and has given the union movement a complete monopoly in agreement making," Mr Knott said.

"Resource industry employers are currently being forced into agreements resulting in wage increases of 38 per cent or more for workers who are already paid five times more than the average Australian. When it comes to wage inflation, the impact of these claims has serious consequences not just for our sector, but for all Australians."

Mr Knott said Minister Ferguson's suggestions could work if unions, industry and Government worked together to moderate claims in certain sectors of the industry and ensured super increases were considered in the context of the overall wages bill an employer is required to pay.

"Slim margins in areas such as contracting, catering and in certain mining operations means a one-size-fits-all approach may not work across the entire resource industry," Mr Knott said.

Mr Knott also said some AMMA members have already experienced situations where unions have opposed increases in the superannuation being paid to employees, due to current laws requiring all contributions above \$25 000 to be taxed at the full marginal rate.

"Other employers have already reported individual employees requesting employers reduce their superannuation contributions to avoid this disincentive," Mr Knott said.

"In order to encourage employees to contribute additional amounts of their salary into their super, the Federal Government should consider changing the current superannuation laws so these workers are not penalised, and to ensure this is an attractive proposition to both them as individuals as well as the unions representing them."

ENDS

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