



Unions face new limits on mega-projects

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Preventing unions from demanding higher pay on large construction projects when they near completion is likely to be part of the Turnbull Government's workplace policy at the federal election.

Federal Resources Minister Josh Frydenberg has talked to Employment Minister Michaelia Cash about the Coalition supporting a Productivity Commission proposal to allow workplace agreements to be extended by years, if necessary, to cover the life of a new project.

Former ACTU president Martin Ferguson, chair of the Australian Petroleum Production and Exploration Association's advisory board, said the changes would stop unions holding big resource projects "to ransom" when an agreement expires before the end of a project.

Mr Ferguson complained in 2015 that unions were able to threaten legal industrial action to push demands for more generous rosters on the Gorgon liquefied natural gas project.

Speaking at the National Press Club on Tuesday, Mr Frydenberg cited the giant and expensive Gorgon gas project when he said he had been approached about "extending the duration of greenfield agreements to the duration of the construction period of the particular project.

"Otherwise you have a situation like we've seen at the \$70 billion Gorgon LNG project where the completion of billions of dollars' worth of investment can be delayed while protracted and difficult negotiations take place," he said.

"This is an additional and unnecessary risk that companies have to factor in to their investment decisions which

deserve further consideration."

He said he has discussed the issue with Senator Cash who was consulting with "key stakeholders" about the recommendations of the commission's inquiry into the workplace relations framework. Australian Council of Trade Unions secretary Dave Oliver said the change could lock employees into workplace agreements for up to a decade.

"Once again the mega-rich multinational miners are trying to screw down wages and conditions by exploiting agreements that were never intended to be open ended," he said.

"Workers should not be frozen in time for the duration of what can be five-to-10 year or longer projects."

The Australian Mines and Metals Association said it supported the change because investors needed certainty about project costs and continuity throughout the construction period.

The association's executive director, Scott Barklamb, said the "current system allows unions to strategically target agreement renewals when major projects are most vulnerable".

"Unions threaten strikes and delays at precisely the point continuity of operations is most critical for project completion," he said.

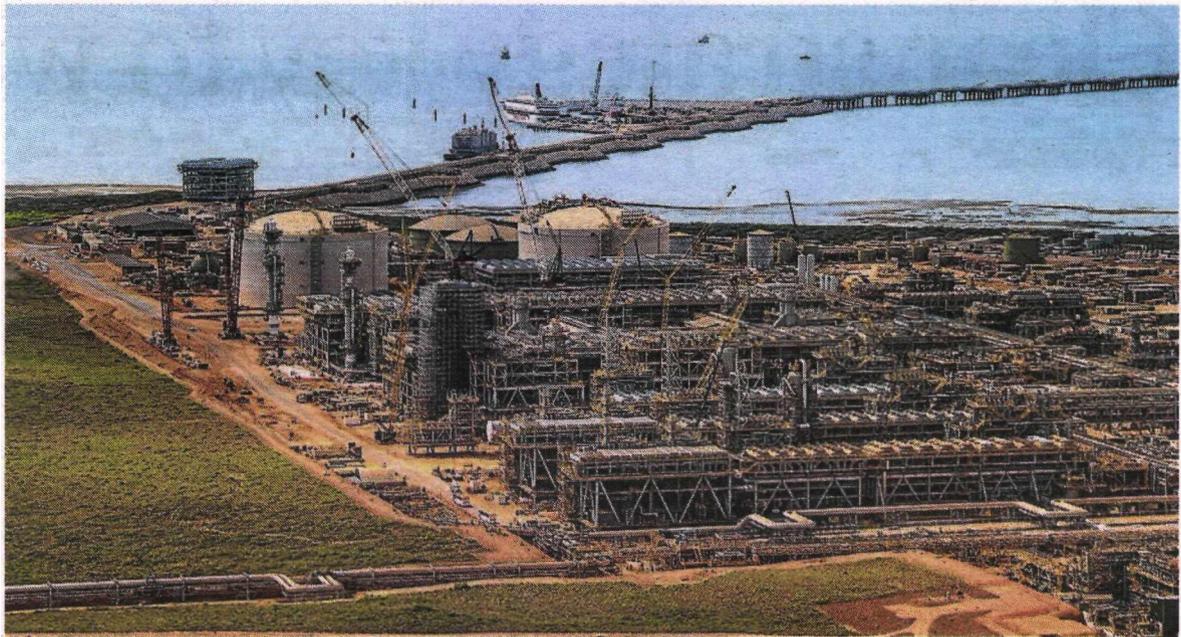
"In a cut-throat international market with falling prices and tightened margins, industrial relations arrangements that do not reflect the reality of constructing mega projects are creating real problems for Australia in attracting further resources investment.

"Employers and employees should be allowed to exchange high wages and good conditions for certainty and protections against delays and strike action for the life of project construction."

Senator Cash said the government

was consulting about the commission's recommendations and not in a position to rule any of them in or out.

"If there is a good case for sensible and fair changes to the Fair Work framework, these will be clearly outlined and taken to the next election to seek a mandate from the Australian people - this is exactly what the Coalition promised in the election policy and it is a commitment we will keep," she said



Employers complain unions tried to hold the Gorgon gas project to ransom.