



Changes 'vital to competitiveness'

Exclusive

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Implementing workplace policy changes sought by employers could increase labour productivity in the resources sector, potentially creating up to 36,000 jobs and boosting gross domestic product by at least \$11 billion, an analysis by KPMG shows.

The Australian Mines and Metals Association commissioned KPMG to analyse the economic implications of changes that resource employers want to the Fair Work Act, including limits on unions taking industrial action.

KPMG said its consultations with resource employers indicated that the proposed changes would potentially reduce project delays and avoid future significant wage inflation.

"The reduction in delays and future wage inflation has the potential to contribute to an improvement in the competitiveness of Australia as an investment destination," the report said.

To demonstrate the potential implications of changes to the workplace laws, KPMG developed "illustrative scenarios" that considered an improvement in labour productivity because of

reduced labour costs resulting from fewer strikes, union workplace visits and unfair dismissal claims by employees. It modelled scenarios that assumed increases in labour productivity of between 2 and 5 per cent, and increases in resource sector investment of 3 to 8 per cent.

The impact of the scenarios on employment was estimated to be between 0.1 and 0.3 per cent, which was equivalent to between 14,000 and 36,000 jobs based on current levels of employment.

The assumed increase in labour productivity and investment would raise GDP by 0.8 to 2 per cent, equivalent to increases of \$11.7 billion to \$30.9 billion.

KPMG said its analysis relied heavily

on anecdotal information provided by AMMA members and the scenarios were developed on the basis of discussions with selected resource companies.

It said the legal changes proposed by the AMMA might have potential implications for unions and workers but they were not given detailed consideration as part of its analysis.

Steve Knott, AMMA's chief executive, said the report, which will be presented to the Productivity Commission inquiry into the workplace rela-

tions framework, showed "modest" changes to the Fair Work Act could have a significant impact on jobs and the economy.

"This groundbreaking research takes what can only be described as sensible, balanced changes to the workplace relations system and for the first time quantifies just how significant the benefits to our economy, employment and living standards would be," Mr Knott said.

"This should be a wake-up call to our politicians, and the wider community, that reform of our workplace relations laws is important for the prosperity, living standards and job opportunities of all Australians. Australia must have a national discussion on workplace reform, and how we can fix the problems that beset the current system."

Analysing Australia's international competitiveness, the KPMG report said costs associated with building new thermal coal capacity had jumped markedly in Australia in recent years compared to the rest of the world.

"Australia faces a number of challenges in competing with international jurisdictions to attract investment in major resources projects," it said.

"Resources sector businesses indicated that the current workplace relations framework impacts the ability to attract investment to major resource projects through the greenfields agreement making process and associated delays, and disruption and delays to projects associated with industrial action."

