

FIVE URGENT REFORMS

REFORM 3: Expand agreement making options

AMMA IS ADVOCATING FOR FIVE URGENT REFORMS TO RESTORE SOME BALANCE TO OUR WORKPLACE RELATIONS SYSTEM AND BETTER SUPPORT EMPLOYMENT, INVESTMENT AND GROWTH IN AUSTRALIA'S RESOURCE INDUSTRY.

Reform 3: *Expand agreement making options to facilitate employment arrangements, both individual and collective, directly between employees and employers.*

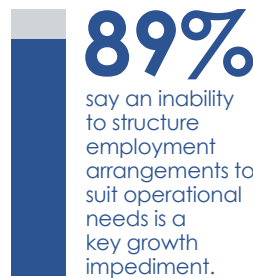
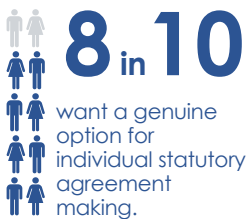
Why do employment agreement making options need reform?

Australian employers and employees have become too restricted in the choices they can make when it comes to agreeing on employment arrangements.

Direct agreements between employers and individual employees were widely used in the resource industry before the Fair Work Act replaced them with 'Individual Flexibility Arrangements' (IFAs). Despite their name, IFAs have failed to deliver genuine individual flexibility which meets the needs of both employers and employees.

Although less than 12% of private sector employees choose to join a union, the ability for employers and groups of employees to enter into genuine non-union collective agreements was also removed by the Fair Work Act. Now, employers who wish to bargain directly with their own employees must also negotiate with a trade union, even if the majority of employees are not union members and/or do not want unions involved.

A 2016 survey of more than 100 resource employers found:



"Before problematic Individual Flexibility Arrangements (IFAs) were introduced, individual agreements were most successfully used in Australia's resource industry, in which they delivered pay and conditions well in excess of the award safety net." – *Australia's resource industry employer group, AMMA*



"Individual Flexibility Arrangements (IFAs) are complex and inadequate forms of individual contract-making."
– *Oil and gas sector employer.*

How do we improve employment agreement making options?

For a start...

- 1.** Provide more options for employers and individual employees to enter into agreements that meet the needs of both, and are subject to a 'no-disadvantage test' for employees.
- 2.** Introduce genuine options for employers to enter collective agreements with employees without the involvement of unions, if the employees so wish.
- 3.** Expand agreement options for yet-to-be built 'greenfields' projects that ensure new projects are built on time and on budget. This would support new investment and growth in the industry.

How will Australia benefit if we expand agreement making options?

KPMG research found a number of potential benefits of enabling greater flexibility and choice in workplace agreements – both individual and collective - between employers and employees, including:

- A more flexible system that makes it easier to establish agreements
- Reduced time taken to make agreements, leading to reduced costs for workers and business.
- Increased certainty for employers, employees, customers and other stakeholders such as investors.

Expanding agreement making options is one of the key workplace relations reforms that KPMG research found could collectively help create

36,000 jobs and add **\$30.9 billion** to Australia's GDP.