

15 May 2019

‘Life of project agreements’ a boon for resources industry

Statement by Steve Knott, Chief Executive of Australian Resources and Energy Group AMMA

AUSTRALIA’s resources and energy employers welcome today’s announcement by Bill Shorten that an ALP Government would consider allowing enterprise agreements to cover the full length of major project construction.

AMMA and our members have assiduously argued the case for ‘life-of-project agreements’ since before the Fair Work Act even commenced in 2009. Much of what we warned would eventuate without such agreements came to pass during the recent investment and construction boom period, including:

- Construction, engineering and related employers being exposed to protected industrial action (strikes) in the middle of project construction.
- Project proponents having multi-billion dollar investments threatened by uncertainty, cost blow-outs and delays through potential mid-project construction strikes.
- Employers needing to renegotiate agreements often when there are only months left to project construction – delaying completion of nationally-significant energy projects.
- Australia’s attractiveness as an investment destination for new major resources and energy projects being significantly impacted by these absurd, yet foreseeable, scenarios.

The need for life-of-project agreements was a key feature of AMMA’s submission to the 2015 Productivity Commission review of Australia’s workplace relations system. This proposal was recommended by the Productivity Commission in its final report to government:

“The Australian Government should amend s. 186(5) of the Fair Work Act 2009 (Cth) to allow an enterprise agreement to specify a nominal expiry date that...matches the life of a greenfields project.” (Recommendation 20.4, [Volume 1](#), page 59).

More recently, in a 2018 [survey](#) of resources and energy employers, **89% agreed life-of-project agreements would significantly reduce Australia’s industrial relations risk profile**. One energy sector executive specifically commented:

“Life-of-project employment agreements would create a level of certainty, particularly toward the end of a construction project. In the recent past we’ve seen projects with only 6-12 months left until completion heading into a negotiation period and then subject to the threat of protected industrial action.” (The New Horizon, AMMA, page 37).

The national opportunity cost of the current system, which allows projects often worth tens of billions of dollars to be exposed to mid-project industrial action, has been significant.

Nation-building resources and energy projects often have lead-times of up to a decade, and take on average seven years to build. Certainty around cost and timing is the most critical element to ensuring such projects go ahead.

For this reason, life-of-project agreements are critical for Australia to secure the next wave of resources and energy projects. This is a position AMMA has gathered some support for within the Coalition in recent years, notwithstanding lack of a legislative fix to date.

We welcome Bill Shorten’s announcement today, which indicates that whichever party forms government following this Saturday’s Federal Election, there should be bipartisan support for life-of-project construction agreements in the 46th Parliament of Australia.

MEDIA CONTACT: Brad Thompson, 0409 781 580