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Dear Secretary

Senate Education and Employment Legislation Committee

Inquiry into the Fair Work Amendment (Bargaining Processes) Bill 2014

The Australian Mines and Metals Association (AMMA) appeared before the Committee on 20 March 2015 in relation to the above inquiry. AMMA provides the following answers to questions taken on notice (attached).

We thank the Committee once again for the opportunity to appear and provide evidence in support of AMMA's written submission.

Yours sincerely

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## EDUCATION AND EMPLOYMENT LEGISLATION COMMITTEE

### Inquiry into the Fair Work Amendment (Bargaining Processes) Bill 2014

#### Port Hedland Potential Industrial Action

##### **Question:**

**Mr Barklamb:** *In a sense, with the decline in trade union membership and participation to 12 per cent of the private sector, the issues of industrial action are going to be inherently sectional because trade unionism is concentrated in particular parts of our economy rather than generally. The vast swathe of people in Australia work in non-unionised industries. So that is correct on one reading, and I think Wilhelm is taking you to exactly this point. The industrial action that does occur affects the whole community, particularly in the built infrastructure, which the MBA represents, and in the massively export oriented industry which we represent.*

*There was a dispute last year of tugboat operators in Western Australia. From memory, 54 or 55 of them were discussing a period of industrial action. I make this comment without necessarily saying that the circumstances in that dispute are directly addressed by this bill, but I just make this point to illustrate the impact. That dispute cost \$7 million a day, and it substantially cost the Western Australian state government in terms of royalties. The calculation was that, in barely the days on which that disputation occurred—my apology; I am just having a look at this—it cost significant amounts of royalty income to the Western Australian state government equating in very short order to the entire amount it spends on homelessness in any year. So we can see—*

**Senator LINES:** *What are you quoting from, please?*

**Mr Barklamb:** *Sorry?*

**Senator LINES:** *What are you quoting from?*

**Mr Barklamb:** *These were calculations that were done by a party affected by the dispute. I will send you the speech they were taken from.*

**Senator LINES:** *Thank you.*

##### **Answer:**

On 30 May 2014, Mr Nev Power, CEO of Fortescue Metals Group Limited (FMG), delivered a keynote address to the 2014 AMMA Resources People Summit in Perth.<sup>1</sup> Mr Power indicated that in relation to a potential one day strike at Port Hedland affecting FMG and BHP, this could cost the Western Australian Government \$7 million. This was based on the approximate lost revenue to FMG and BHP of \$100 million per day. Mr Power indicated that a three day strike may cost up to \$21 million which was approximately the Western Australian Government's 2015 State budget to helping the homeless.

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<sup>1</sup> Speech to AMMA People Resources Conference, 30 May 2014: <http://www.amma.org.au/news-media/media-center/fmg-chief-talks-ir-challenges/>

## Australian Resource Industry

### **Question:**

**Senator LINES:** *Can you have a look at the ABS stats? They have your workforce at about 170,000.*

**Mr Menalda:** *Yes. I know exactly which numbers you are referring to and I can do a reconciliation for you, to show the numbers.*

**Senator LINES:** *All right. Thank you. I do not know if these next questions are for Mr Menalda, but where do most Australians work—in what sector?*

### **Answer:**

AMMA recently commissioned KPMG to undertake analysis of the economic and socio-economic contribution of the Australian resources sector. The KPMG report titled, *“Workplace Relations and the Competitiveness of the Australian Resources Sector”* (the report) was published on 12 March 2015.<sup>2</sup>

AMMA draws the Committee’s attention to the following parts of the report:

- At p 36, the report notes *“[r]esource-related employment directly contributes to four per cent of total employment in Australia”*. This represents 459,000 workers. This includes the following sub-industries: Coal mining, Metal ore mining, Exploration and other mining support services, Oil and gas extraction, Non-metallic mineral mining and quarrying, Other mining support services, Industrial gas manufacturing, Iron smelting and steel manufacturing, Steel pipe and tube manufacturing, Alumina smelting, Other basic non-ferrous metal manufacturing, Aluminium rolling, drawing and extruding, Explosive manufacturing, Iron and steel casting, Alumina production, Copper, silver, lead and zinc smelting and refining, Non-ferrous metal casting, Mining and construction machinery manufacturing, Other heavy and civil engineering construction, Structural and steel erection, Site preparation.
- At p.37, the report notes the *“RBA estimated that the total (direct and indirect) resources sector employment was 10 per cent of total employment in 2011-12. This is equivalent to 1.1 million working Australians.”* (footnotes omitted).
- At p.27, the report notes that *“the total (direct and indirect) contribution of the resources sector is estimated to almost 10 per cent of total employment in Australia”*. 11,654,000 being the total *“employed persons”* according to the February ABS labour force numbers.<sup>3</sup>
- At p.27, the report notes *“[t]he national resources sector directly generated \$155 billion in value added to Australia’s GDP in 2013-14”*.
- At p.34, the report notes that the *“resources sector contributed approximately 10 per cent of Australia’s GDP in that year”*.
- At p.7, the report notes *“[t]ax collection from the resources sector (including Federal company tax and State royalties) has increased four-fold over the past decade. The resources sector accounts for 24 per cent of all corporate tax receipts in Australia, significantly higher*

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<sup>2</sup> [http://www.amma.org.au/wp-content/uploads/2015/03/KPMG WR and the competitiveness of the Australian resources sector.pdf](http://www.amma.org.au/wp-content/uploads/2015/03/KPMG_WR_and_the_competitiveness_of_the_Australian_resources_sector.pdf)

<sup>3</sup> ABS Cat 6202.0 - Labour Force, Australia, Feb 2015:  
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/6202.0?opendocument#from-banner=LN>

*than the sector share of GDP (10 per cent). In addition, royalties paid by the resources sector in 2013-14 were estimated to be \$10.1 billion across all States and Territories”.*

- *At p. 7, the report notes that “[i]n 2013-14, resource extraction and services is estimated to have contributed 9 per cent (\$128 billion) of industry gross value added (GVA). In addition, the direct contribution of resource-related construction and manufacturing are estimated to have contributed \$15 billion and \$13 billion to GDP respectively. The resources sector also makes indirect economic contributions through its linkages with other industries”.*

## Protected Action Ballots

### **Question:**

**Senator LINES:** *The ABS has health care as the biggest and the fastest growing, and Mr Harnisch is nodding. Are you aware of, broadly, the number of protected industrial action ballots that unions sought applications for before Fair Work last year?*

**Mr Mammone:** *We can take those sorts of questions on notice.*

**Senator LINES:** *It is not a test, Mr Mammone. It is around 600 last year and the average is 800, and there are something like 11.6 million working Australians, with the vast bulk of them in the health care sector. I have put it to the other employer organisations that, really, you are—and in fact ACCI used the term—'outliers'. You are seeking these changes, which I think are significant, because I cannot imagine why employer groups would pursue changes which are not significant and do not have some impact to deal with whatever you perceive to be a pretty small problem on the face of those numbers.*

### **Answer:**

AMMA has undertaken an analysis of the number of applications for protected action ballot orders from 2006 – 2014 based on Fair Work Commission (and predecessors) annual reports. The number of applications for protected action ballot orders increased sharply from a low of 271 in the first full year under the *Workplace Relations Act 1996* in 2006-07 to a peak of 1011 in 2011-12 under the *Fair Work Act 2009*. In 2012-13 applications slightly decreased to 915. In 2013-14, there were 627 applications for secret ballot orders.<sup>4</sup>

AMMA has previously analysed the applications for the period 2010-11. The AMWU was the highest applicant, having lodged 190 applications in 2010-11, followed by:

- The Community and Public Sector Union (CPSU) with 94 applications;
- The National Union of Workers (NUW) with 80 applications;
- The Construction, Forestry, Mining and Energy Union (CFMEU) with 60 applications;
- The Australian Workers Union (AWU) with 57 applications;
- The Transport Workers Union (TWU) with 48 applications;
- The Australian Municipal, Administrative, Clerical and Services Union (ASU) with 27 applications;
- The Maritime Union of Australia (MUA) with 24 applications;
- The Liquor, Hospitality and Miscellaneous Union (LHMU) with 19 applications; and

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<sup>4</sup> Fair Work Commission Annual Reports: <https://www.fwc.gov.au/about-us/reports-publications/annual-reports>

- A number of other unions who each made a small handful of applications during the 2010-11 financial year.

AMMA has also analysed Australian Electoral Commission (AEC) data published on the Fair Work Commission website.<sup>5</sup> According to the published AEC data for the year 2014, the Health Services Union (HSU) accounted for 17 declared ballots, followed by the Australian Nursing and Midwifery Federation (6), Queensland Nurses' Union of Employees (1) and the NSW Nurses and Midwives' Association (1).

For the year 2013, the ANMF accounted for 15 declared ballots, followed by the HSU (11), Australian Nursing Federation (5), Queensland Nurses' Union of Employees (4), and the NSW Nurses and Midwives' Association (2).

For the year 2012, the HSU accounted for 19 declared ballots, followed by ANF (2) and QNUE (1).

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<sup>5</sup> <https://www.fwc.gov.au/resolving-issues-disputes-and-dismissals/industrial-action/protected-action-ballots>