

Senator MARSHALL—What about any research being conducted into AWAs and the link to greater productivity?

Ms Shelley—There has been research on that. I do not have it with me. I will need to take that on notice and give you a more comprehensive response.

Answer:

The link between AWAs and productivity has been highlighted in a paper by Paul Gollan for the Office of the Employment Advocate and a case study of agreement arrangements at BHP Iron Ore and Hamersley Iron.

In 2004, Paul Gollan who was then Lecturer of Industrial Relations at the London School of Economics published a paper in the *Journal of Industrial Relations* titled 'Australian Workplace Agreements: An Employer Response'. In this article, Gollan outlined the results of a survey of employers who used AWAs in their workplaces. The Office of the Employment Advocate commissioned the survey which was conducted in 2000. Usable responses were received from 688 employers. The survey covered employers from many industries, including the Transport and Storage industry (comprising 15 per cent of survey respondents).

As part of the survey employers were asked to report on the impacts and outcomes of AWA for their organisation. In the case of labour productivity, 52 per cent of employers reported that labour productivity had been improved by AWAs with a further 6 per cent stating it had greatly improved. Only 1 per cent of respondents indicated labour productivity had worsened. Gollan also notes that his survey findings 'seem to be supported by the National Institute of Labour Studies (NILS) survey findings which reported increases in profitability, and labour productivity and quality' as a result of individual agreement making.

The Australian Mines and Metals Association (AMMA) released a paper in March 2007 called *Australian Workplace Agreements – A Major Matter for Miners*. The AMMA paper also illustrates the benefits of individual agreements, including AWAs, by using the case study of BHP Iron Ore Pty Ltd (BHPIO) and Hamersley Iron Pty Ltd (Hamersley). The findings of a due diligence exercise were discussed in the Federal Court case of *AWU v BHP Iron Ore Pty Ltd [2001]*.

The BHPIO Mount Newman Mine and the Hamersley mine operated by Rio Tinto produce about one third of the world's iron ore each and operated with the same mining methodology and ore bodies. The due diligence exercise discussed in the Federal Court centred upon Rio Tinto's use of individual Workplace Agreements (WPAs) under the *Western Australian Workplace Agreements Act 1993 (WA)*. Those WPAs operated similarly to current AWAs. When Rio Tinto's efficiencies under the WPAs and the BHPIO operations (covered by a collective agreement) were compared, it was noted that Hamersley operations were 25-30 per cent more efficient than those of BHPIO.