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18 November 2022

Committee Secretary
Senate Education and Employment Committees
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Secretary,

Fair Work Legislation Amendment (Secure Jobs, Better Pay) Bill 2022

Hancock Prospecting welcomes to opportunity to comment on the Secure Jobs, Better Pay Bill (the bill).

Hancock Prospecting Pty Ltd (HPPL) is an independent, privately owned Australian company that has a proud history with the Pilbara and the iron ore sector.

Under the leadership of Executive Chairman Mrs Gina Rinehart AO, HPPL (including its majority ownership of Roy Hill) has become the most successful private company in Australia and one of the most successful private mining companies in the world. HPPL is today is a diversified company group with interests in iron ore, gas, coal, gold, beef and dairy, as well as continuing mineral exploration and development.

Across the Group, HPPL directly employs around 4,500 people, with the vast majority of this across our iron ore businesses. HPPL further supports an additional 9,000 jobs.

Over the past decade, HPPL has paid almost $15 billion in taxes, with more than $10 billion of this paid over the past four years as the significant debt taken on to build the Roy Hill project has been paid off and our production has expanded. The ATO recently published figures showing that HPPL and Roy Hill each ranked in the top 10 corporate tax payers in Australia in FY2021.

The broader mining industry is critical to the Australian economy, directly and indirectly employing over 1.1 million Australians, and over the past decade producing $2.2 trillion in resources export revenue, $249 billion in mining wages, $143 billion in company taxes, $112 billion in royalties, and 21% of Australia's GDP growth.[1]

Our people are at the heart of everything we do, as demonstrated over the past almost three years as we navigated the pandemic, keeping our mine sites open, our people both safe and employed in high-paying jobs, and powering the state and federal economies and governments with significant new investment, spending and tax revenue.

The stated objectives of the bill are to get wages moving and boost job security. By any assessment, the mining industry provides among the most stable and high paying jobs in Australia.

[1] As noted by the Minerals Council of Australia in its submission regarding the bill.

The mining industry pays the highest average full-time wage of $145,000 per year, compared with an average across all other industries of $86,000. This does not account for any bonus payments, which the mining industry, and especially the HPPL Group, are well known for providing. And these bonus payments do not stop with the employee, their benefit spreads throughout the country be it in their own investments or via charity.

Additionally, 96% of mining workers are full-time, while 88% are permanent.

It is worth re-iterating an important point made in the Minerals Council of Australia submission: "… the mining industry has successfully established a culture of creativity, productivity, shared benefits, and cooperation within the parameters of the existing workplace relations framework, and it should not be upended. It is imperative that any measures preserve the ongoing implementation of the mining industry's generous enterprise-based arrangements and above-award tailored agreements."

The HPPL Group has established a strong track record in this regard, delivering average annual pay rises of more than CPI over the past six years. In July this year, HPPL increased employee salaries by 7.8%, above the WA inflation rate.

In addition, HPPL has made significant investments in improving our employees' wellbeing and improving both the monetary and non-monetary benefits of their employment; for example, the introduction of family-friendly rosters, upgrading the quality and choice of food at its mine sites including adding premium 2GR wagyu beef, and generous loyalty and profit-sharing bonuses.

Of particular concern is the potential imposition of restrictive multi-employer agreements in the single interest stream, which will negatively impact productivity, make our industry less competitive, increase the likelihood of industrial action and result in poorer wage outcomes.

As noted by the MCA, a strike of just six-weeks' duration at the Port of Port Hedland would impose a cost of $9 billion in lost iron ore export revenue and $551 million in lost royalties for the West Australian government.

It is the firm belief of the HPPL Group that while some components of the bill may be worthy of further consideration, consultation and debate, it is entirely inappropriate for the mining industry to be included within the scope of the reforms proposed in the bill with respect to multi-employer bargaining.

HPPL is undergoing a significant growth phase as we seek to ramp up iron ore exports through the Roy Hill rail and port logistics system from 60mtpa to 100mtpa involving an overall investment of around $6 billion.

If the bill were passed in its current form, this expansion, and the thousands of jobs and billions of dollars of royalty revenue and tax revenue this would create, would be at risk.

HPPL would also like to highlight, as noted by the Australian Resources & Energy Employer Association in its submission regarding the bill, that this bill is more than twice the size of the Morrison Government's industrial relations 'Omnibus Bill', but has been given around one-third of the time for stakeholders, including the Senate, businesses and the wider community, to consider.

As it stands, this bill puts at risk not only the interests of mining workers, but the broader economic benefits and tax and royalty revenues the mining industry makes possible. At a minimum, the mining sector must be excluded from multi-employer bargaining.

The mining industry does not fit the profile of an industry where employees are poorly paid, where real wages are falling and where there is a lack of job security, which as we understand it are key issues which the proposed government legislation is attempting to address.

On the contrary, if the legislation is applied to the mining industry it will have significant negative impacts on a high performing industry (including with respect to real wages), it will reduce future investment and growth, negatively impact productivity, our export competitiveness and most importantly damage our employees' interests including future jobs and wages.

The mining industry, and in particular the iron ore industry in West Australia, is characterized by very high wages, secure work, and a cooperative culture between employees and employers. As an export-oriented, price-taking industry, high and rising productivity is critical to ensure our competitiveness and the long-term sustainability of the industry globally.

High and increasing levels of productivity, innovation and continuous improvement are critical to maintaining a successful, competitive and growing mining industry for the benefit of all stakeholders. This in turn depends on strong positive relationships between employers and employees, something which currently exists in the mining industry.

The unnecessary introduction of compulsory multi-employer bargaining to the mining industry would negatively impact the direct relationship by introducing outside factors, significantly raising the risk of disputes and industrial action as occurred in the past.

If the bill were to pass in its current form it would open the door to a confrontational industrial relations system that could cripple our industry and result in poorer wage outcomes for our workers. There is clearly no need to create this risk in the mining industry, and to do so would be a detriment to our employees, our state and federal governments, and the broader economy.

If you wish to follow up on any of the matters raised above, please contact Giles Lenz, General Manager Human Resources.

Sincerely,

Garry Korte
Chief Executive Officer