



## **FIFO workers mull unions' return in Pilbara**

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### **Body**

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Industrial relations Changes to laws have revived the prospect of unions in 'the engine room' of the economy, write Mark Wembridge and Tom Rabe.

The blazing January sun is still below the yardarm as a lingerie-clad barmaid serves \$11.50 pints of icy Great Northern lager to three fly in, fly out workers at the Redcliffe Tavern, a nondescript bar near Perth airport.

Shifting their gaze from the \$20 notes tucked into various lacy straps, the FIFO workers turn to another burning issue that has been out of mind for more than three decades: unions in Western Australia's Pilbara.

Eager to down a few beers after their eight day "swing" at BHP's iron ore operations in Newman, Charlie, Jack and Cody say they have been "watching and waiting" to see how Pilbara negotiations between unions and the big miners unfold.

"A union will mean there's a standard for everyone. No differences between what is happening on one site compared to another," says Cody, an Indigenous man who has worked as a FIFO mine operator of excavators, loaders and bulldozers for more than a dozen years. "I've got mates at FMG, at Rio [Tinto], and they're all thinking the same."

Jack, a 25-year mining veteran with tattoos up to his chin who says FIFO work has cost him three long-term relationships, nods in agreement. "An EBA [enterprise bargaining agreement] is the big one," he says. "Because that's the one at the moment where a lot of companies are just walking over people. They've got no representation."

Changes to industrial relations laws have revived the prospect of re-unionisation in a region dubbed "the engine room" of Australia's economy, nearly four decades after the infamous Robe River brawl in effect eliminated organised labour in the Pilbara.

Mining companies, conservative politicians and corporate lobbyists say unionisation will return the Pilbara to its unproductive and strike-prone past, undermining tax revenue and driving investment abroad.

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Unions want to represent staff who work long hours on variable rosters, face workplace safety concerns and incidents of sexual harassment, lack widespread enterprise bargaining agreements and endure long periods away from their families.

But unionisation in mining is thin. Union members comprised 10 per cent of Australia's mining workforce in 2022, down from 16.5 per cent in 2016, according to the Australian Bureau of Statistics. Union membership on Australian mine sites was 44 per cent in 1994.

"In the mining industry in Australia over the past 25 years, productivity has moved sideways as wages have doubled," says Mike Henry, chief executive of BHP, one of the Pilbara's biggest employers. "That is not a route to remain competitive, and this industry has to remain competitive globally under the 'same job, same pay' policies."

The Pilbara's wealth has supercharged the fortunes of billionaires such as Gina Rinehart and Andrew Forrest, as well as feathered the superannuation nests of millions of Australians.

"At a time when everyone recognises that we've got a cost-of-living crisis, who is making the most noise [about industrial relations changes]? Companies earning \$20 billion a year," says Paul Farrow, national secretary of the Australian Workers' Union.

The dispute was sparked by the Albanese government's laws, part of the "secure jobs, better pay" workplace reforms introduced in 2022, that have eased union access to mine worksites.

The laws mean unions must no longer demonstrate that the majority of the workforce supports collective bargaining, as long as an existing agreement is within five years of expiration. Before those changes, unions had to establish that they represented most workers before employers were obliged to negotiate.

This change enabled the AWU to drag BHP to the bargaining table to negotiate wages and conditions.

"In the Pilbara, we've got a bizarre situation whereby we're being compelled by law to bargain with the union when neither the company nor employees have sought that. That's the bizarreness of it," says Geraldine Slattery, BHP's country boss in Australia.

The Western Mine Workers Alliance wishlist presented to BHP includes a \$10,000 annual bonus per employee, annual pay rises of 5 per cent or WA's consumer price index plus 1 per cent, and uniform conditions and entitlements across all BHP iron ore mine sites. Based on the company's 14,000-strong iron ore workforce, the retention bonus alone could cost BHP \$140 million a year.

The Mining Council of Australia, the industry's peak lobbying body, says the laws "open the door to industry-wide 'bargaining' and industry-wide strikes - and a return to 1970s-style industrial confrontation and disruption".

"There is not a single element of these measures that will either enhance productivity or co-operation in workplaces. They are all doing the opposite."

The industry group says the laws give unions "more coercive powers, including the increased right of entry powers, with deliberate loopholes that facilitate their abuse; the ability to force businesses and workers into bargaining with no worker support; vastly expanded powers for union delegates, even in non-union workplaces.

"This scenario is only the beginning. Hundreds of companies, in a broad range of sectors, could soon be hit with similar claims in this race to control workforces."

Unions dismiss criticism of the laws as fearmongering and cite the need to more fairly distribute the immense wealth generated from one of the country's most profitable industries.

"We've heard [miners] saying the sky is going to fall in with these laws. They have been in place for quite some time now ... and nothing's changed," says Farrow. "[Mining companies] are still making billions of dollars of profit, and workers are still in the same situation."

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One big miner says it has been forced to hire staff to chauffeur union officials between mine sites to facilitate their membership drive.

Michaelia Cash, federal opposition leader in the Senate and opposition spokeswoman on workplace relations, says the Albanese government has betrayed the mining sector, after initially promising that its IR reforms would not extend into the Pilbara.

"In all the conversations I have had with miners over here, they've been clear that the industrial relations legislation has been set up to lower productivity and efficiency," she says, adding that a union push into the region will damage the economy.

The foundations of Australia's prosperity can arguably be traced to the 1986-87 Robe River industrial brawl. Former WA premier Brian Burke had a front-row seat to the now infamous row, a conflict he says escalated almost overnight and was inflamed by obstinacy on both sides.

"Robe River, that was the start, the origin, the foundation of everything," he says. "It was high noon with people 10 paces apart wearing guns."

Reflecting on what some describe as the Pilbara's "reformation", Burke says the conduct and approach of Robe River boss Charles Copeman and the unionists opposing him meant sensible negotiations were never an option.

"Copeman was like Tony Abbott on steroids, not just a conservative, but someone who was almost physically wired that way," he says. "He was completely intractable, and so the unions adopted an equal and opposite force. They became completely intractable."

Burke, who fell from grace after being jailed for fraud, said Copeman's approach was "detached from reality", but his elimination of unions from the Pilbara occurred because "the conditions for working people in the Pilbara were so good that the need for unions ceased to be in the front of their mind".

The bulk of iron ore royalties are generated from the largely union-free mines in the Pilbara of Rio Tinto and BHP. **Fortescue**, Roy Hill and Mineral Resources also mine the steel-making ingredient in the region.

The industry creates enormous personal fortunes: the Forrests last year took home \$2.2 billion in dividends from **Fortescue**, while Rinehart pocketed \$2.8 billion largely through her company Hancock Prospecting's stake in Roy Hill.

However, the industry is slowing. WA has forecast iron ore royalties to shrink by one-third, or \$3.5 billion, in 2024-25, as prices wobble.

Westpac warned that iron ore prices could collapse 30 per cent this year to about \$US70 a tonne when Rio floods the market with supply from its burgeoning Simandou mine in Guinea. Recent monsoon-like rains have also inundated the region and flooded infrastructure, slowing exports.

Simon Trott, Rio Tinto's iron ore boss, says "productivity should be the central theme of any reform" of IR laws. "Productivity drives jobs and wage growth, it encourages new investment and boosts the Australian economy. These reforms will become a handbrake on the economy over the long term and put Australia on a path to lower living standards and lower wage growth," he adds.

The warning of lower productivity comes as Treasurer Jim Chalmers singled out the private sector to pull Australia out of a tailspin, after the economy eked out a weaker-than-expected gain of 0.3 per cent last quarter.

The battle between the federal Labor government and industry echoes the fight over the Minerals Resource Rent Tax imposed in 2010 and revoked three years later following a bitter campaign.

Labor may have lost that fight, but it is digging its heels in on this battle, despite the potential for alienating voters ahead of state and federal elections, where WA seats will play a pivotal role.

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Federal Resources Minister Madeleine King dismisses criticisms of the government's IR reforms from miners as "hysteria".

While opponents to enterprise bargaining point to the high wages and low union density as a sign of a content Pilbara workforce, FIFO workers have told The Australian Financial Review that their wish to see unions in the Pilbara was mostly due to the desire to see equal conditions across the industry.

Unfriendly rostering, unpaid travel time at some mines, workplace safety concerns, and variable pay and conditions among colleagues are all sources of contention. "If we are talking sacrifice in mining ... I have missed a total of five Christmases with my family, it's just how my roster has been rolled out," says FIFO worker Cheryl.

She predicts membership will swell if unions prove they can negotiate a deal with a major miner.

"People fear the ramifications. There is not much fight in the mining workers lately because of the cost-of-living crisis. Men and women go to work to make ends meet," Cheryl says.

After six years working FIFO in Pilbara mines, Ryan has seen his salary grow from \$80,000 as a graduate engineer to more than \$250,000 as a construction manager. However, his hefty pay does not erase his feelings of isolation nor compensate for spending long periods away from his young family.

"People [in Perth] start to forget about you. You stop getting included in plans - not on purpose, but just because you're not around. It's taxing and can be quite isolating. When I started six years ago, I was doing four weeks on, one week off," he says.

Cheryl and Ryan say unions have a role to play in the Pilbara by advocating for better conditions.

Ryan agrees that organised labour could find fertile ground in the Pilbara.

"Unions have their place. It would be better for workers as a whole to have them [in the Pilbara], but it certainly would probably make work harder for me [as a manager]," he says. "Unionisation is common in metro construction sites, but not in mining. People float between those industries all the time. I can see people definitely thinking that it would be a good thing to join [a union]."

Cheryl agrees that some FIFO colleagues struggle with the isolation. "Where I work there is no such support for getting women back into a flexible roster after she has come off maternity leave. I have seen women struggle and relationships deteriorate because of it."

Although some miners have extolled their efforts to increase female staff numbers, the likes of Macmahon - an ASX-listed mining contractor that has nearly 10,000 staff - does not offer any paid parental leave.

The pressure to increase wages, conditions and benefits comes at a time of heightened global competition for iron ore producers, with the likes of Rio's Simandou poised to take market share and siphon away investment.

"Our engine room, the huge contributor to our country, Australia's mining industry, faces higher regulatory burdens and bureaucratic risk and expense," says Australia's richest person, Rinehart, whose \$40 billion fortune was built on the Pilbara's iron ore.

"Australia's increasing government intervention combined with ideological and expensive or impractical policies is negatively effecting new mining investment. Reduced investment will lead to lower living standards."

Employment and Workplace Relations Minister Murray Watt downplays miners' concerns about the laws, saying "the facts just don't back them up".

"On every measure, the WA economy is performing strongly, so I find it difficult to see how our industrial relations changes have been hurting the mining industry or the WA economy," Watt says. "We want mining companies to do well, but we also want mining workers to do well. It's their hard work that delivers the profits for these companies."

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While the five-year expiration requirement has forced BHP to negotiate with unions, other miners have - at least so far - avoided talks.

Unlike BHP, Rio is not compelled to negotiate with unions because its enterprise agreements expired before 2019. **Fortescue** has not struck a collective agreement in more than a decade. MinRes declined to comment.

Forrest says **Fortescue** has a "freedom culture" whereby staff can come directly to management to raise their concerns, and that employees admire him too much to unionise.

Bran Black, Business Council of Australia chief executive, describes the Pilbara as "the engine room of our economy" and says unionisation of the region "will hurt all Australians".

"The region's contribution is immense, providing economic prosperity and higher living standards for every Australian, and we cannot allow unions to override this for their own selfish purposes," he adds.

However, the AWU's Brad Gandy, who is WA state secretary, says the pace at which an industrial wave is sweeping across the Pilbara has surprised many.

Re-unionisation of the Pilbara will not mean a return to the 1980s, he adds. "If you look back at the tactics that the companies used in the 1980s, that wouldn't work again. I think both parties have a responsibility in either going back to the '80s or staying in 2024 and saying, 'How can we work together?'"

However, Burke says the high salaries, paired with a fragmented and dispersed FIFO workforce, will prove too much of a challenge for unions to overcome in the Pilbara.

"When people in the Pilbara are earning \$190,000 a year for sitting on their backside in an airconditioned truck and driving 200 metres there, then 200 metres back, they don't see the need for a union, do they?"

"I think it's akin to throwing seed on stones. It won't grow."AFR

Names have been changed at the

request of FIFO interviewees.

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