WA premier backs union drive for membership in Pilbara mines

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Body

West Australian premier Roger Cook has backed unions seeking to re-establish themselves in the Pilbara iron ore industry despite warnings from the nation's biggest miners about risks to productivity and their ability to remain cost-competitive.

"The Cook government supports WA workers and their unions undertaking collective bargaining with employers for better pay and conditions," a spokesman for Mr Cook said.

"Unions play an important role in our society representing workers in a diverse range of industries, including the mining and resources sector."

Iron ore royalties generated from largely union-free mines are the backbone of the WA economy, most flowing from Rio and BHP. Both companies sounded alarm over the Albanese government's industrial relations changes that have allowed unions to force BHP to the negotiating table on a collective bargaining agreement.

WA has already forecast iron ore royalties will fall by more than 35 per cent, or $3.5 billion, in 2024-25. The forecast is based on the iron ore price falling to $US71 a tonne amid concerns about the strength of the Chinese economy and its real estate market.

The Cook government said the new bargaining provisions in the Fair Work Act were the responsibility of the Albanese government.

Under these new rules, unions no longer need to demonstrate that the majority of the workforce supports collective bargaining, as long as an agreement is within five years of expiring.

This has opened up terrain for the Australian Workers' Union to pounce, forcing BHP back to the negotiating table to start bargaining on wages and conditions at the Mining Area C and South Flank mines. BHP's last agreement on this site expired in August 2019.

This is the last agreement covering iron ore mines that can be triggered by federal Labor's new provisions, The Australian Financial Review understands. 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.

Still, the big miners fear a return to the strike-prone Pilbara of the 1980s if unions re-establish themselves in an industry already grappling with softening prices for the steel-making ingredient and emerging competition from Africa, including the Rio-backed Simandou project.

The Chamber of Mining and Energy WA, whose members include Rio Tinto, BHP, ***Fortescue*** Limited and Gina Rinehart's Roy Hill, said unionisation of the Pilbara had the potential to increase costs and lower productivity.

"While we are fortunate to have a world-class resources industry, we also know Australia is a relatively high-cost jurisdiction," CMEWA chief executive Rebecca Tomkinson said.

"Any levers that could further increase operational costs and uncertainty will jeopardise our investment attractiveness and need to be carefully considered by all parties."

Unions are known to have targeted BHP and Rio as part of recent recruitment drives with limited success.

Union members made up just 10 per cent of the mining workforce in 2022, down from 16.5 per cent in 2016, according to the Australian Bureau of Statistics. Union membership on mine sites was 44 per cent in 1994. ***Fortescue*** is understood to be the least unionised of the three biggest miners.

Asked if it was concerned about unions gaining a foothold in the Pilbara, ***Fortescue*** said workers already received some of the highest wages in the country together with other favourable terms and conditions.

BHP said on Sunday it had been forced to bargain with unions under the new legislation, which does not require the unions to establish that the workforce is in favour of bargaining.

Rio has declined to comment on union demands that it come to the negotiating table.

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