



# MEDIA RELEASE

## Australian Mines and Metals Association

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16 October 2008

### **Major construction projects need IR investment certainty now.**

'The pantomime being played out by unions, ALP branches and Government backbenchers calling for the immediate scrapping of the ABCC is damaging investment confidence. The Government should bring this to an end now by confirming the ABCC will remain until 1 February 2010, but more importantly, it should advise that the existing powers and functions of the ABCC will be incorporated into the soon to be created specialist division of Fair Work Australia for a minimum of five years', Mr Steve Knott, Chief Executive of the Australian Mines and Metals Association (AMMA) said today.

'Encouraging the construction of new mines and redevelopment of existing operations will be extremely important in assisting Australia ride through turbulent economic times', he said.

The resources sector's contribution to Australian commodity export earnings in 2008-09 is forecast to be \$180 billion.

Australia's improved industrial relations record is a substantial consideration in resources sector investment decisions. Current world financial instabilities and unknown costs associated with the government's proposed Emissions Trading System also are at the forefront of future investment decision considerations. 'Many CEOs from the industry have been 'up on the hill' in Canberra recently stressing the challenges currently facing our sector', Mr Knott said.

Recent reports record an investment of \$70.5 billion in 97 advanced stage mining projects as at April 2008.

Mr Knott stressed that the performance of the building and construction industry is critical to the continued growth of the resources sector.

The building and construction industry has experienced significant productivity improvements and staggering declines in industrial disputation since the implementation of the recommendations of the Royal Commission into the Building and Construction Industry (Royal Commission).

The ABCC, with the support of the compliance regimes contained in both the Workplace Relations Act 1996 and Building and Construction Industry Improvement Act 2005 (BCII Act), has had a demonstrable impact on behaviour in the industry.

'The task that remains is to shift the culture of the industry from the law of the jungle to a respect for the rule of law. At present some of the industrial parties are seeking to regress into the past with a focus on removing the current independent regulator and/or watering down the powers of any successor organisation responsible for ensuring the rule of law applies to the construction sector' Mr Knott said.

'The fact that ACTU President Sharan Burrow, CFMEU National Secretary John Sutton, CFMEU Western Australian Branch Secretary Kevin Reynolds, ETU State Secretary Dean Mighell and parliamentary sympathisers are pressuring the Government to break its election promise and abolish the ABCC prior to 1 February 2010, should be seen as a ringing endorsement of the success of the ABCC in its current form', he added.

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The AMMA, which has as its members all of Australia's major mining and oil and gas companies, sees these calls as futile as the Government has repeatedly stated to AMMA, unions and others that the ABCC and its current powers will be retained until 1 February 2010, but these repeated calls and associated antics are damaging much needed investment confidence.

The major concern of the resources sector, however, is what will be in place after February 2010. The industry is crying out for leadership from the Government to 'clear the air' so that multi-billion dollar investment projects with 4 to 5 year construction timeframes have one less variable when making final investment decisions.

'Simply put the industry is looking for the Government to provide IR certainty now so that massive construction projects have one less investment hurdle to scale', he said.

AMMA has previously stated that a nine month review into the building and construction industry due for completion in March 2009, a review being undertaken by retired judge Murray Wilcox, is unnecessary. 'If ever there was a time for a decision from Government, not another unnecessary review, it is now' said Mr Knott.

There has already been a Royal Commission about widespread unlawful conduct, threatening and intimidatory conduct and disregard for the rule of law that occurs in the construction sector and such issues are still prevalent and being prosecuted through the courts today.

The RBA stepped up to the plate last week with its biggest one off intervention in the economy since the 1990s recession. Yesterday the Government put \$1.5 billion towards reviving moribund building construction activity in the housing sector. 'It would also be prudent for the Government to urgently move to shore up investment confidence in Australia's civil and commercial building and construction industry by stating that the existing powers and functions of the ABCC will be retained beyond February 2010', Mr Knott said.

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