

MEDIA RELEASE

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Australia must harness resources investment potential

AMMA – Australia's national resource industry employer group

THE latest federal government analysis of new major resource projects shows that serious issues with Australia's competitiveness must be addressed if we are to capture future waves of resource investment and opportunities for further employment growth.

The *Resources and Energy Major Projects April 2015* report shows that while our country is successfully completing construction of significant new resource projects, we are failing to secure new investment to deliver ongoing employment and economic benefits.

"Today's data confirms that our pipeline of potential projects has fallen to pre-investment boom levels," says AMMA chief executive Steve Knott.

"Future employment growth in the resource industry has already been impacted by falling commodity prices and existing projects moving into the production phase. Without a healthy number of new projects coming through the investment pipeline, the ability for the resource sector to drive jobs growth will continue to decline."

The government shows that during the past six months, the resource investment pipeline declined by 14 projects worth at least \$11.4 billion dollars. Over the past year, 61 projects have fallen through with a value of at least \$80.4bn.

A further \$7.8bn in projects have progressed to the full production phase, typically requiring smaller workforces of specialist operators in comparison to the construction phase.

Mr Knott says that with low commodity prices predicted to continue for some time, Australia must be the resource exporter of choice for our key trading partners. This will require a focus on domestic policies and regulation to ensure producing resource assets are as efficient as possible.

"As resource employers adjust to a new operating environment with lower prices and smaller profit margins, they must be supported by genuine efforts to create a more competitive regulatory framework," Mr Knott says.

"Australia is a trade exposed nation and resources generate 55% of all exports. Despite historically enjoying a global advantage, the combination of increasing labour costs, falling productivity and high cost of capital has seen Australia now lag behind many competitors.

"Unlocking greater workplace innovation and productivity must begin with addressing our nation's inflexible workplace relations framework. All parliamentarians must sensibly consider recommendations for change that will soon be handed down by the Productivity Commission.

"Excessive red-tape and uncertainty around environmental regulation are also seriously hampering our nation's competitiveness. [KPMG analysis](#) has found that environmental approvals can take up to two years to produce and a further 1.5 years to assess.

"We mustn't lose sight of what we are missing out on by not effectively competing for new project investment. Resource projects not only create thousands of jobs through both construction and production, but also ongoing taxation and royalty revenues that allows governments to build roads, schools, hospitals and other public assets and infrastructure."

To learn more about AMMA's workplace relations campaign, visit amma.org.au/backontrack

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