

Forum Focus: Construction & Infrastructure



Knowledge Influence Support

CHAMBER OF COMMERCE
AND INDUSTRY
WESTERN AUSTRALIA



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Chairman's Message *from Ray Sputore*

Welcome to another year of CCI Forum Focus: Construction and Infrastructure. In a continuation from 2010, issues relating to construction and infrastructure will require the attention of government and industry if the State is to continue to develop.

At its first meeting for 2011 on February 28, the CCI Construction and Infrastructure Forum was pleased to welcome new members representing URS Australia, Fortescue Metals Group, and Monadelphus Engineering Associates. The Forum reiterated the significance of re-emerging of labour shortages and the need to develop a strategic infrastructure plan for WA as key priorities.

In this Forum Focus, there are articles on local content, freight transport and climate change. These matters have been examined by the Forum previously but again are increasing in profile in public debate. There are also details of the planned annual CCI Post-Budget Breakfast and North West Resources Tour.

Forum Focus: Construction and Infrastructure looks forward to informing its readers on construction and infrastructure issues throughout 2011.

Local Content

On February 24, CCI launched its Local Content Policy Position at the Industrial Training Institute in Kwinana.

The launch was addressed by CCI Chief Executive James Pearson and was attended by Dr Mike Nahan MLA, Mr Roger Cook MLA, Mr Peter Tinley MLA as well as representatives from APPEA, CME and the WA Department of Commerce.

Fast Fact: In 1996 the WA Government's local content policy was launched which encouraged local companies to acquire the necessary skills and capacity to supply major resource project requirements on their competitive merits.

The Policy identifies that local content needs to be part of a wider strategy to build WA's industrial capability and that it is internationally competitive. It puts forward a nine point plan for WA that CCI believes will assist in the growth of local industry participation on major projects.

Some of the actions identified by CCI as critical to improving local content in WA include the State becoming a centre of excellence for supply chains to the resources and energy sector; modernising the Australian Industry Participation Framework; reforming the WA Government Local Content Unit; and project proponents having a procurement presence within WA.

The Policy also examines local content policies and practices overseas. The countries with the more successful policies are those that build local industry without mandating local content or ignoring the realities of global competitiveness.

CCI has extensively consulted key stakeholders on the paper's findings and how government and industry can work together to build local content opportunities.

[Click here](#) to view a copy of the CCI Local Content Policy Position.

Land Freight Transport

The issue of land freight transport has recently risen in profile with both the Federal and State Governments moving to address the issue.

On February 22, the Federal Government released its National Land Freight Strategy Discussion Paper for public discussion. Infrastructure Australia (IA), which released the Discussion paper, states a new national strategy needs to be developed for Australia's freight networks to improve planning, investment and decision making.

IA argues that such a strategy would assist in improving Australia's productivity and international competitiveness through planned approaches to the provision and use of infrastructure. [Click here](#) to view a copy of the Discussion Paper.

The WA Government is also engaging stakeholders on its plans to develop a Regional Freight Transport Plan. In a letter to stakeholders the Department of Transport says the purpose of the Plan is to: "Guide the future development of the regional freight transport network to successfully respond to the needs of the growing Western Australian economy and population while protecting the environment and quality of life aspirations that the community values". The WA Government intends to have the Plan released at the end of 2011.

Fast Fact: Aggregate domestic freight in Australia was estimated to be 2.8 billion tonnes in 2006-07, 75 per cent of which was transported on roads.

CCI is currently developing a response to both initiatives and is keen to get member feedback on what is a critical issue for business across the State. CCI Members who have questions or issues to raise on land freight transport should contact Matthew Payne, CCI Senior Policy Adviser State Development on **(08) 9365 7468** or **matthew.payne@cciwa.com**

Climate Change

The Federal Government has committed to introducing an emissions trading scheme with a fixed carbon price on July 1 2012, to be replaced by a cap-and-trade trading scheme within 3-5 years. The Government has indicated that funds raised would go to "assisting households, helping businesses manage the transition and funding climate change programs". However, detail about the scheme is lacking.

There is bipartisan commitment to reducing Australia's greenhouse gas emissions by 5 to 25 per cent of 2000 levels by 2020. Whichever political party is in power, Western Australian businesses must come to terms with the implications of emissions reduction policies.

A 2010 survey of CCI members showed that 75 per cent are not planning for carbon costs. Many are seeking further information and assistance. CCI is helping members prepare for the inevitable challenges and opportunities to come. For instance, CCI has just been awarded a Workshops, Industry

Fast Fact: 31 countries and 10 US States already have mandatory emissions trading schemes in place.

Intelligence and Networking (WIIN) grant to run a series of workshops for SMEs on carbon pricing and climate change.

For further information please contact Margaret Gollagher, Senior Policy Adviser Climate Change and Environment, on **(08) 9365 7539** or **margaret.gollagher@cciwa.com**

Taking aim at the cost of doing business

As WA is increasingly identified as a high cost jurisdiction to do business, CCI is preparing a discussion paper addressing this issue with an aspirational target of making WA the most business-friendly state in Australia in the long term.

Fast Fact: In 2011, Singapore retained its ranking as the easiest place to do business in the world according to the World Bank's annual study into business regulation. Hong Kong, New Zealand and the United Kingdom followed Singapore, with Australia ranking tenth.

To achieve this, CCI will prepare a road map on key cost challenges facing local businesses today and how to address these. A key part of this project will involve a survey of all CCI members during April and May to gauge feedback on specific cost pressures such as labour shortages, industrial relations, input cost inflation and red tape.

Critical Skills Fund established

The Australian Government has established a \$200 million Critical Skills Investment Fund to be distributed over four years, to match industry contributions to training initiatives.

The goal of the Fund is to help increase the supply of skilled labour for enterprises in critical industry sectors. To achieve this, the Fund will support projects that train and place job seekers into available positions, and that up-skill existing workers to meet skill demands.

Fast Fact: It is estimated that over four years the Fund will support up to 39,000 people gaining new qualifications or skill sets.

The Fund is initially focusing on the resources, construction, renewable energy and infrastructure sectors, but will also be used to address other emerging skills gaps. Emphasis will also be given to increasing the workforce participation of those that are under-represented in the workforce. Expressions of interest close on Friday 8 April.

2011 State Budget Breakfast

On 19 May 2011 the State Treasurer, Christian Porter, will hand down his first State Budget.

Fast Fact: The State Government's latest forecasts predict a State Budget surplus of \$1.06 billion in 2011-12.

The 2011-12 Budget comes at a critical time, as WA sits on the cusp of another economic boom. The following morning, on 20 May, CCI will host the Treasurer and Premier of Western Australia at CCI's Annual Post Budget Breakfast.

For more information, contact CCI Events on **(08) 9365 7500** or email **functions@cciwa.com**

2011 North West Resources Tour

The 2011 CCI North West Resources Tour, led by CCI Chief Executive James Pearson, will visit a number of major mining and energy project sites in WA. The tour, to be run from 9 May to 14 May, offers delegates access to the sites as well as opportunities to meet with chief executives and managing directors of some of Australia's largest resource companies.

Fast Fact: The 2011 North West Resources Tour will include visits to sites operated by Woodside, Chevron, BHP Billiton Iron Ore, Apache Energy, Fortescue Metals, Mermaid Marine and Rio Tinto.

Expressions of interest for the tour are now open. For more information, contact CCI Events on **(08) 9365 7500** or email **functions@cciwa.com**

Recent CCI Policy Papers

Key submissions and discussion papers that CCI has recently completed, or is currently working on, in its advocacy capacity include:

- Submission: retail gas tariffs in WA (completed)
- Submission: review of restrictions on Synergy and Verve Energy (completed)
- Submission: sustainable population strategy for Australia (completed)
- Submission: national inquiry into sham contracting (completed)
- Submission: review of the WA industrial relations system (underway)
- Submission: the 2011 WA state wage review (underway)
- Submission: National annual wage review (completed)
- CCI Discussion Paper: reducing the cost of business in WA (underway)
- CCI Discussion Paper: industrial relations for modern enterprises (underway)
- CCI Position Paper: local content policy in WA (completed)
- Background briefing: climate change issues relevant to SMEs (underway)
- Background briefing: forms of carbon price (underway)
- Survey: small business attitudes on government tendering processes (underway)