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Productivity Commission recognises need for greater project certainty

The Productivity Commission's recommendation that new enterprise agreements be allowed to match the life of greenfields construction projects should be supported by all political parties.

APPEA Chief Executive Malcolm Roberts said it was important the recommendation be implemented if Australia hoped to capture a new wave of resource project investment.

He said the current four-year limit on the duration of greenfields agreements made it difficult to deliver major liquefied natural gas (LNG) projects on time and on budget.

"Limiting agreements to no more than four years means they almost always need to be renegotiated at critical times in an LNG project's development, leaving employers vulnerable to industrial action," Mr Roberts said.

"This raises significant uncertainty and risk for investors who need to know what labour costs will be over the life of a project, not just the first few years."

"The Productivity Commission has recognised this in its review of the workplace relations framework and has recommended the Fair Work Act be amended so that new agreements be allowed to match the life of a greenfields project.

"Rising development costs are a growing threat to oil and gas investment in Australia. We risk losing major projects worth billions of dollars to our competitors if we fail to act.

"Amendments to the Fair Work Act approved by the Senate in October have gone some way in providing greater certainty about project costs but more needs to be done.

"Australia is poised to become the world's leading LNG producer following an unprecedented investment of more than \$200 billion in new export projects which are set to generate jobs and export revenues for decades to come.

"The current wave of projects are likely to be our last unless we get serious about reducing the cost of doing business in this country."

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