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Carbon tax invites investment exodus

Outgoing Woodside boss Don Voelte echoed sentiments felt by many last week, when he spoke of the damaging affects a carbon tax would have on Australians.

Voelte told a concerned oil and gas audience at the APEAA conference that the global market could easily write off Australia as a safe place to invest, if the Government's carbon tax agenda goes ahead.

His comments were made following a public outcry from the liquefied natural gas industry, which wants greater compensation under the tax scheme, considering it is a lower emission alternative to more traditional fossil fuels.



Woodside Boss Don Voelte

Western Australia has fast become an LNG hub, capable of being a big player in the world's LNG supply game. At least \$60billion is being spent on LNG projects currently under construction in WA, which will more than double the state's current capacity production in response to strong demand forecasts from Asian customers.

However companies are now putting investments on hold until the costs of the carbon tax are clear.

It's not hard to predict where things could be headed for WA if resources companies are lured offshore by Asian and African countries offering lower taxes and cheaper labour to boot.

After speaking with a number of industry executives about both the carbon and mining super tax, it seems WA's hard earned competitive advantage in attracting large resource investments will be severely undermined, with obvious ramifications for our job market.

As he prepares to leave his post at Woodside, I would like to acknowledge the tremendous contribution Mr Voelte has made to the state of Western Australia, helping to shape our oil and gas industry into a world-class contender.

Debate continues on constitutional change

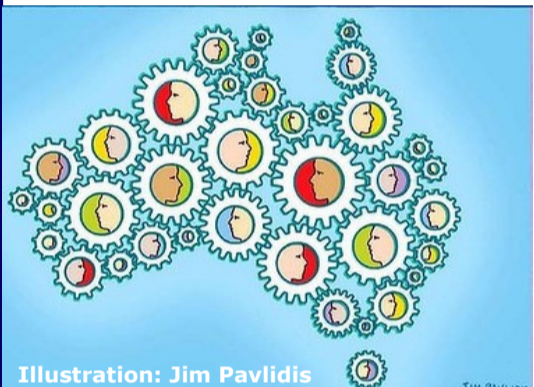


Illustration: Jim Pavlidis

An important topic at the recent Durack Division Liberal Party meeting and State Council, was the issue of constitutional recognition of local government.

This issue has never been Liberal Party policy because it has been thought that it could lead to policy objectives being set by the Federal Government in Canberra rather than state governments, who are in a better position to understand, direct and act on issues that fall under their constitutional responsibility.

If the proposal was adopted, I believe it would spell the end of local governments as we know them, replaced instead by "regional governments" which would receive and disperse funds from the Federal Government.

Local government is an administrative organ of state and territory governments and I personally do not believe that there is any valid reason to alter these arrangements.

Resources boom, but job losses loom

West Australian Premier Colin Barnett has issued a stark warning —that the future of our local manufacturing industries is at stake if mining companies and subcontractors continue to outsource the actual manufacturing to Asia.

I saw firsthand the reality of this growing trend this month when visiting the impressive Karara iron ore project east of Geraldton. The mine is hoping to become one of Oakajee's foundation customers and work has begun on building 3 crushing plants and transmission towers.

While the works have been contracted to Australian companies, the transmission towers were in fact fabricated in China, packed up, sent over and assembled much like a Meccano set. Bad news for jobs in local manufacturing companies.

The Kwinana industrial strip should be abuzz with activity considering the number of projects in the state's North, however workshops are telling us they are losing contracts to cheap offshore competitors. Whack a carbon tax on top of that problem, things don't look good.

As Colin Barnett says, the future of our manufacturing facilities is at stake if components are not being fabricated at home and supplied to our resource projects. This worrying trend needs to be reversed to preserve Australian jobs, and indeed save these vital industries from dying out.



Karara mine executives and West Australian Senators Chris Back, Alan Eggleston and Mathias Cormann.

Vale Peter Ruehl



It is with great regret that I noted the unexpected death of my favourite columnist Peter Ruehl, whose articles appeared on the back page of the Australian Financial Review. I used to delight in his witty, dry irreverent, right-wing view of Australian affairs.

Along with many others, I will sadly miss his columns.

Wishing you all a safe and happy Easter break.

Kind regards,

Alan Eggleston

Dr Alan Eggleston
Senator for Western Australia
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