



Cost of bad feelings

Indecision hurt the little guys



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THE Queensland mining industry – never mind the giant creeping machinery and the companies pulling millions of tonnes of mineral from the ground – is a business of feelings.

The Resources Super Profits Tax that appeared set in stone, before being sledgehammered by an incoming Prime Minister, also smashed confidence of investors.

It remains unclear about whether the angst from the industry about the new tax was justified, but it did breed indecision and uncertainty in the mining fraternity.

That's a nightmare for every associated business.

The tax was announced in early May and our most sprawling firms sent their bean-counters to every abacus they had.

While their boffins were doing the sums, juggernauts BHP Billiton, Macarthur Coal, Anglo Coal, Xstrata



and Rio Tinto grew frustrated with a lack of communication from the government and their plans were put on hold.

That frustration lasted two months – a long time for those whose bread and butter is manufacturing infrastructure or supplying vehi-

cles for those projects suddenly on hiatus.

The industry production line that kept people working had ground to a halt, affecting heavy haulage firms to boilermakers and plenty in between.

The new Minerals Resource Rent Tax was an-

nounced on July 2 after a change in leader and some serious haggling from BHP, Rio Tinto, Xstrata and the government – and in the Queensland mining world, it was like spring had sprung.

Federal Opposition Leader Tony Abbott opposed the first tax and has repeated his

plan to kybosh the new plan but he could be left watching from the sidelines now that it has strong industry support.

And the big companies seem content and they are the ones that employ tens of thousands of people and fly them from across the country to their workplaces.

The number crunching continues with BHP, Xstrata, Rio Tinto and Macarthur Coal describing the new tax landscape as “encouraging” and “a positive change”.

For companies of this size and scope to be heading back to work, a whole chunk of Australia can breathe easier.

Business set for tax stall hit

MICK Crowe is the chief executive officer of G&S Engineering, a \$200 million manufacturing and construction firm based from Mackay, with offices in Biloela, Emerald, Weipa and Muswellbrook in New South Wales.

The firm employs 1000 staff between its six bases that operate in some of the most lucrative and resource-rich areas in the country.

G&S specialises in engineering the jigsaw pieces to create some of the country's most incredible mining operations, many built by the giants of industry.

Mr Crowe described the now-scraped Resources Super Profits Tax as “the biggest attack on the industry in recent times”.

But with Prime Minister Julia Gillard pulling the levers, he was cautious but confident that they could prepare for the lull that follows a

two-month industry stoppage.

He said since Ms Gillard reached a compromise with the Rio Tinto, Xstrata and BHP Billiton a week ago, there was a change in the air.

“There's definitely momentum returning to the industry,” he said.

Mining companies reviewed their projects and nothing was permanently cancelled, but almost every minor construction project or expansion plan in the pipeline was put on hold.

And for companies across the state that survive on keeping workers busy, it was terrifying to find their whole industry had ground to a halt.

“Many of the major mining houses seem happy with it and if that's enough for people to make investment decisions, that's what we need,” Mr Crowe said.

“The day (Gillard) stopped the tax, it was two months too late, but it will still make a big difference for us. Every day she waited, it would have been a lot worse.”

He said his work was often contracted six or 12 months after an expansion is announced, and that's when it could hit the workshop.

“The government created a gap in work during the two months they were making decisions.

“But the effects will be felt in six, nine or 12 months time.”

G&S Engineering had Opposition Leader Tony Abbott tour their Mackay workshop on June 10 but beyond the photo opportunities, he said Ms Gillard's policy sounded like a great change, but wanted a better idea of the small print.

“I think the devil is in the detail,” Mr Crowe said.



CAUTIOUS BUT CONFIDENT: Boilermaker Shae Mangano, chief executive officer of G&S Engineering Mick Crowe, Senator Barnaby Joyce, LNP Dawson candidate George Christensen and Opposition Leader Tony Abbott.

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