

CFMEU DEAL

350. Mrs C.L. EDWARDES to the Minister for Planning and Infrastructure:

I refer the minister to the recent deal struck between the Construction, Forestry, Mining and Energy Union and some of Western Australia's building and construction companies for a 36-hour week, a 12 per cent pay and allowances increase and increases in redundancy, travel and superannuation payments.

- (1) Does the minister expect this new deal to impact on the cost of constructing the southern rail link, in particular the hundreds of millions of dollars worth of complex city-based infrastructure and freeway bridgeworks?
- (2) If not, why not?
- (3) If so, how much does the minister expect the CFMEU's deal will add to the cost of the project?

Ms A.J. MacTIERNAN replied:

- (1)-(3) I thank the member for the question. This demonstrates the wisdom and propriety of the action of this Government in doing what the Opposition refused to do; that is, escalate the figures for the construction of the southern railway! The economic vandals on the other side persisted then and persist today in using 1998 figures. Of course, the Leader of the Opposition has on several occasions in this House acknowledged that if the Opposition had been in government - that is, if the State had been unfortunate enough to have him as the Leader of the Government - even it would have had to escalate the figures. However, somehow or other when they are in opposition they do not need to do that. The importance of taking this act of escalating the figures is that we have provided for instances such as this. Some extraordinary costs have been quoted. First of all, obviously a fair amount of that project is already under contract. That includes the railcar contract and all of the contracts for the extension of the line to the north, because never let us forget that the \$1.4 billion is for the extension of the rail line to the north, plus the railcars. A fair whack of that amount is already subject to agreement. The next crucial point to remember is that in civil construction, generally only around 15 per cent of the costs are labour costs. In rail projects, it is generally somewhat less than that; around 12 to 14 per cent of the overall cost of the project is labour costs. Obviously the impact will be far less than the member for Kingsley is suggesting. Even the Master Builders Association of Western Australia's estimates say that the total effect is only 10 to 12 per cent over three years. We have made provision for that. We are confident that within the cost escalation that we have responsibly provided for this project, we have accommodated predictable pay increases such as this.