

SKILLED LOCAL JOBS BILL 2011

Second Reading

MR E.S. RIPPER (Belmont — Leader of the Opposition) [4.00 pm]: I move —

That the bill be now read a second time.

Despite the Premier's best endeavours to characterise it otherwise, Western Australia is sitting on the cusp of another resources boom. Already our resources sector has an annual output of over \$90 billion, with that figure set to increase significantly as our iron ore industry expands and our vast natural gas reserves leave us poised, in the Premier's own words, to become the "Saudi Arabia of natural gas". The rapid expansion of WA's resources sector is also evidenced by a staggering \$250 billion of further resources industry investment in the pipeline. This extraordinary level of growth delivers the responsibility to policy and decision makers to ensure that Western Australia retains this economic value into the future.

The resources that are being exploited within Western Australia are mostly non-renewable, and it is entirely reasonable for local workers and businesses to expect a correlating improvement in their economic and financial status. Without effective political will to ensure that Western Australians are employed, utilised and engaged in the resources sector, the economic boom will not improve the standards of living or skills base of the state to a commensurate level. There is no doubt that our vast mineral and petroleum wealth presents a once-in-a-lifetime opportunity for our state and its people. Western Australians are proud of their contributions to the national economy and I believe they should expect to share in the wealth generated by their resources.

While many like to speak of resources development and boom conditions as though they are intrinsically positive occurrences, the opposition believes that the government of the day must ensure these investments maximise the benefits of our vast natural resources first and foremost for the people of Western Australia. The resources that provide so much of Western Australia's current prosperity belong to all Western Australians. I believe governments should be judged on how well they can leverage the economic boom into benefits for the entire population. Management of a rapidly expanding economy requires the government to stand up for WA jobs and WA businesses so that they have an opportunity to share in that prosperity.

It is quite clear that Premier Barnett and his government are failing on this front. In 2009 when signing off on the \$43 billion Gorgon project, the Premier boasted that WA workshops would be full for years on the back of the vast steel fabrication works required for the project. Workshops are full with work from Gorgon, but those workshops are not located in Western Australia. Just this week *The 7.30 Report* detailed the case of Kwinana's GF Engineering, which has reduced its workforce from 75 to 25 in the past 18 months. The millions of dollars of equipment in which GF Engineering invested to gear up for the work the Premier promised is now sitting idle.

It is not only steel fabricators who are being let down by the Premier's broken promise and failure to stand up for WA. The story is just as dire with Western Australian's engineering and drafting firms. Work on WA's projects is almost exclusively being done in London, Houston, Yokohama and Singapore. Talented young engineers are leaving WA, not because they want to, but because they cannot get a job here at a time when WA requires some of the most lucrative engineering and design work in the state's history. Western Australians are doing the engineering and drafting work on these projects, but they are not doing it in Western Australia. Engineers tell us that if it is not designed here, it will not be built here. That is why we need to give information and opportunities to WA firms right at the beginning of the supply chain. All Western Australians should share the construction industry's concerns that prefabricated buildings, right down to the concrete footpaths, are being shipped over and slotted in without any involvement from the local industry. How does the Premier respond? He tells WA businesses to do more to win the contracts, despite signing an agreement preferencing Chinese business over our WA workforce for the massive Oakajee development. The Premier says he cannot step in when project proponents let tenders for their projects that disadvantage Australian firms because they are based on overseas specifications and standards.

As local businesses go to the wall, the Premier takes a tour of the empty fabrication workshops. As youth unemployment doubles over two years, he says the situation will work itself out. I say that attitude is just not good enough. The people of this state deserve a Premier who will stand up for them, not one who sits on his hands and refuses to act. Leadership is not about taking a stand when it is politically convenient. It is about doing what is right no matter the circumstances. When the Premier says he will not step in between private companies doing deals, he fails to acknowledge that these deals are being done for the rights to Western Australia's sovereign property and that the Western Australian government has a right and responsibility to set conditions on how those resources are used.

The Premier and some people in industry seem to be saying that Australian and Western Australian firms do not have the skills and understanding to undertake complex engineering and manufacturing work, and hence the

work is done overseas. This is defeatist nonsense. I point out that scarcely one single major defence procurement in Australia has taken place in the last 50 years without substantial high-tech local content. F111 and FA18 fighter jets, weapons systems for destroyers, submarines and other technically complex projects have been and continue to be delivered by our skilled Australian workers. If successive Australian governments using consolidated revenue can continue to make this happen, so can transnational companies spending shareholders' funds.

Local industry needs certainty and our Skilled Local Jobs Bill will set up a framework for that certainty. It will force the government to take responsibility and stand up for WA jobs and WA businesses and provide local businesses with the information they need to compete and participate on a level playing field. The short-term effects of a failure to improve local participation in the resources sector, particularly from the supporting industries that provide fabrication and modular construction, will leave local businesses desperately short of high-quality projects to keep their workforces utilised and well skilled. The situation erodes the skills base of the Western Australian workforce when compounded over the longer term. If Western Australian businesses are denied the ability to provide locally manufactured content, which in turn utilises local skilled labour, the local fabrication and modular construction industry will lose the critical mass to innovate and justify a concerted investment in training.

The Skilled Local Jobs Bill seeks to improve the capabilities across Western Australia's skill base in the engineering, manufacturing, fabrication and construction sectors. Not only does the Skilled Local Jobs Bill seek to highlight the government's endeavours to ensure Western Australia "makes" things, it also necessarily seeks to ensure that the conception and design of these projects are retained in Western Australia. This bill requires skilled work provisions to be inserted into all new state agreements, making it incumbent on the government and project proponents to be up-front with the people of Western Australia about the circumstances in which resources are extracted and sold. Where a state agreement is not required, a stand-alone skilled work agreement will be tabled in Parliament and thus made publicly available. Clause 3 of the bill defines the scope of the projects that will require a skilled work agreement. Aside from the original resource extraction, projects requiring a skilled work agreement will include downstream processing, as well as the infrastructure required to transport the resources. The bill also covers electricity generation and transmission. These are the defining projects of our resources boom and the projects that the Western Australian public has a right to know about.

Also contained in clause 3 is a definition of the types of skilled work that need to be covered in a skilled work agreement. Engineering, design, drafting and fabrication are the skilled work areas that Western Australia must retain in order to keep and expand a diversified economy, and they are the key areas that WA businesses need certainty on.

Clause 6 of the bill outlines the principles that must guide the minister and the government in getting the best deal for Western Australia. These are the principles that must guide the government if we are to move beyond the dig-it-up-and-ship-it-out economy. The clause refers to long-term viability, the expansion of a skilled workforce and the future economic diversity of our state. At present, we are going backwards in developing our secondary industries and it is not going to change with a business as usual approach. In deciding whether to support this bill, the government needs to ask itself: Do we pursue economic diversity or do we want to lock in a two-speed economy? Do we want to leave a strong legacy for our children and future generations or merely holes in the ground?

Clause 7 of the bill shows what each agreement must contain. Young Western Australians should know how many apprenticeships are created through development of their resources projects. Western Australian businesses should know if and why Australian standards and specifications will not be used when they try to secure work on major projects. Western Australian employee groups should have a right to know how many jobs will be created through these projects. Every Western Australian deserves to know how the boom will benefit them and the WA economy. Although the bill specifies certain terms that must be included in skilled work agreements, the terms covered in clause 7 are not intended to be an exhaustive list. The opposition sees a role for other areas to be included over time, such as Indigenous employment participation and benefits. If the government supports this bill, there is nothing stopping it including the entire gamut of the social and economic benefits that will flow from the development of Western Australia's resources.

There has also been much speculation that our bill would include mandating levels of local content. The opposition does not support this concept. What we do support is transparency and openness with the Western Australian people about how the government is working for them to maximise their economic and social dividends. WA people own the resources and have an absolute right to know how they are being used. The information contained in these agreements will provide the certainty and honesty that Western Australians need to maximise the benefits of the boom. We need long-term vision and leadership for the state, not a continuation of the same old dig-it-up-and-ship-it-out mentality we have seen in the past. Western Australia has one chance to maximise value from each tonne of exported iron ore and one chance to maximise value from each cubic foot of

exported natural gas. This bill is about making a choice on how we leverage those resources into a lasting benefit for the state. The system is broken and it will not be fixed by itself. This bill provides the first step for getting it right. I commend the bill to the house.

Debate adjourned, on motion by **Mr D.A. Templeman**.