

Hon Pierre Yang; Hon Alannah MacTiernan; Hon Diane Evers; Hon Matthew Swinbourn; Hon Dr Sally Talbot;
Hon Dr Steve Thomas

JOBS — MANUFACTURING

Motion

HON PIERRE YANG (South Metropolitan) [11.22 am] — without notice: I move —

That the Legislative Council recognises the efforts of the McGowan government in creating manufacturing jobs for Western Australians and encourages the federal government to work with the state government so that more manufacturing jobs in all sectors can be created for Western Australians.

Ever since the first industrial revolution, between the eighteenth and nineteenth centuries, the manufacturing industry has been the backbone of any modern industrialised nation. We are now in the fourth industrial revolution, which focuses on the Internet of Things, robotics, virtual realities and artificial intelligence. In my opinion, it comes back to the ability to create these technologies and mass produce them, as manufacturing provides the backdrop for learning and developing skills that are closely related to the research and development of many industries. Australia used to manufacture a lot, from cars and tractors to footwear, clothes, washing machines and refrigerators. According to an ABC article from 8 June, one-third of working Australians are employed in manufacturing industries. We still manufacture small arms, and F88 Austeyr assault rifles are produced locally in Australia. Australia is strong in sectors in which we still manufacture; however, the numbers are far fewer than before.

The manufacturing industry's contribution to the gross domestic product is shrinking. In the 1960s, it was 30 per cent of our GDP but it has now dropped to about 5.8 per cent. There are a number of reasons for this situation, one of which is the removal of tariffs and the abolition of protectionism. We had tariffs of 35 per cent in the 1960s, but that dropped to near zero in the late 1990s. Another theory is that the high Australian dollar puts a lot of strain on manufacturing businesses trying to export Australian-made products and compete in an environment in which the Australian dollar was at parity with the US dollar or at \$US1.10; that makes it incredibly hard for many Australian businesses. The mining boom also squeezed out a lot of industries.

Whatever the cause, our economy is now dominated by the service industries. We have a much smaller manufacturing sector which is, as I mentioned, about 5.8 per cent of our GDP. By way of comparison, if we look at Germany we can see that its service industry dominates its economy by an even higher percentage—about 69 per cent; however, its manufacturing industry is a whopping 20 per cent of its GDP. I think it is a great thing that we have a flourishing service industry in Australia, but a well-diversified and self-reliant nation must have a strong manufacturing industry in both heavy and light manufacturing because that is vital for a nation to be able to stand on its own two feet. Using the German economy as a benchmark, there is huge room for improvement in our manufacturing industry. The disruption of supply chains by COVID-19 highlighted this. If we do not produce as much, we rely on other nations. For example, it was reported on the Bloomberg website on 9 March 2020 that when Germany banned the export of German medical personal protective equipment, it effectively blocked a shipment of 240 000 masks that had been purchased by Switzerland. Switzerland had to plead with Germany to release its purchased masks. That is a clear example of a country being reliant on another country because it does not produce a particular product.

The McGowan government knows the importance of a strong manufacturing industry to the continued growth and prosperity of Western Australia. That is why, in the wonderful document, “WA Labor Plan for Jobs”, released prior to the 2017 election, the McGowan Labor team committed to developing a rail rolling stock manufacturing strategy that would see the manufacture of railcars being brought back to Western Australia. In turn, that will create more manufacturing jobs for Western Australians. Since being elected, the McGowan Labor government has worked tirelessly on that project, and I would like to quickly go through the chronology of events over the past two and a half to three years.

Back in 2017, the government provided eligible businesses with \$20 000 dollar-for-dollar funding to assist them to prepare for work on Metronet. In April 2018, the government called for proponents to build 246 new Metronet railcars, worth \$1.6 billion, with a 50 per cent local content requirement. In August 2018, the government announced that railcars would be manufactured in Bellevue, near the historic Midland Workshops. In February 2019, the government announced that Midland TAFE would be transformed to become a specialist training facility for young Western Australians to help build Metronet. In August 2018, Alstom was selected to build 246 new railcars. In September 2019, the tender opened to build the multifunctional assembly facility for railcars in Bellevue, and a local Western Australian company, FIRM Construction, was engaged. Around 100 jobs will be created during the construction phase. In addition to the 246 new railcars, the Bellevue facility will build two new trains, each consisting of three cars, for the *Australind* service. I was disappointed to hear the Leader of the Opposition, Hon Liza Harvey, claim in March 2020 that WA should not build its own railcars because it would be a waste of money and the railcar manufacturing industry was from a bygone area. However, I am glad that, very recently, on 6 June 2020, Hon Liza Harvey tweeted —

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Western Australia is critical to the Australian economy and through supporting our communities and businesses, we can secure local jobs for West Aussies now and in the future.

I can only hope that she now supports a local railcar manufacturing industry.

The McGowan government's support for WA jobs and WA manufacturing is in its DNA. The government has signed two contracts worth \$125 million with a Malaga-based company to manufacture modern firefighting appliances locally, so manufacturing jobs will stay within Western Australia. The government is supporting Western Australian manufacturing in regional WA as well. Part of the work will be done in Collie, with 17 full-time positions expected to be created. The government announced a further \$47.5 million package to expand emergency services vehicle manufacturing, with the aim to have some or all of the work done in Collie. I would like to thank the Minister for Regional Development for her advocacy for regional Western Australia and her support for manufacturing jobs in regional Western Australia through the regional economic development grants. We are now seeing the third round of that in Western Australia. Who can ignore the state government's efforts to bring full-cycle docking for Collins-class submarines to Western Australia over the past two years? The federal government is still procrastinating on that decision. It needs to make a decision, and I hope it brings this vital piece of industry work to Western Australia. I urge the Liberal Party and the Leader of the Opposition to be part of team Western Australia by helping to attract these defence industry jobs, which the South Australian government has done successfully over the past two decades.

There is an abundance of evidence that the state government has stayed true to its commitment to create more manufacturing jobs in Western Australia. In the wake of the COVID-19 pandemic, the federal government is looking at ways for our nation to have greater manufacturing capability. The National COVID-19 Coordination Commission's manufacturing task force produced a report on manufacturing in Australia. The federal Minister for Industry, Science and Technology, Hon Karen Andrews, has publicly called for support for Australian-made products. I am sure that all Australians support this. Manufacturing is, indeed, a vital part of the prosperity and growth of this nation. As Minister Andrews said —

“We can't supply all our wants locally, but we have to be able to supply, or at least pivot our production processes to produce the goods we need.

“And we need to compete on value, not on cost.”

That is so true and I support her sentiment 100 per cent. Therefore, I call on the federal government to bring full-cycle docking to Western Australia for Western Australian businesses and to work with the state government on other manufacturing projects for Western Australia so that more Western Australians can be employed in the manufacturing industries in this state and we can be a more vital part of the Australian economy. A market economy is a great thing but it must be guided by policies that are aimed at working in the interests of the people and the nation in support of our sovereign capability. A modern nation should have a well-diversified economy, and manufacturing is the backbone of that.

I commend the motion to the house. This is not only about us; it is about our children and their children and their survival in this new world. If we cannot supply what we need in this nation, we have to rely on others. We must be able to be self-reliant and produce the things we need. I commend the state government for its efforts over the past three years and ask that all governments work together to support Australian manufacturing and bring more manufacturing jobs to Western Australia.

The ACTING PRESIDENT (Hon Dr Steve Thomas): Before I give the call to the Minister for Regional Development, can I just confirm that she is giving the government response.

Hon Alannah MacTiernan: I am.

The ACTING PRESIDENT: I give the call to the Minister for Regional Development.

HON ALANNAH MacTIERNAN (North Metropolitan — Minister for Regional Development) [11.37 am]: I commend Hon Pierre Yang for bringing forward this motion because it is a critical issue for our economy and state. It is really important that we come to terms with many of Hon Pierre Yang's insights, and perhaps I will start with his last point—that is, the importance of the defence industry. We know that many of the technologies that are driving the twenty-first century forward have, in fact, been funded through defence or have originated from moneys allocated to companies for defence spending. We know that much of the twenty-first century's technologies have come out of massive American government funding post–World War II to ensure an edge for the western world in research and development and the development of industry and technology. This took a huge leap forward when the Russians were the first to get a man in space and led to a great deal of serious investment in research and industrial development. Unfortunately, in the past, Western Australia has not fought hard enough for its share of the defence dollar, which is incredibly important in driving industry forward. We have extraordinary capability here but we often underestimate just what our capabilities are. I often talk about the company Hofmann Engineering in Bassendean. It is an extraordinary outfit and is now the largest private engineering company in Australia. It employs

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hundreds of people. It takes on 40 or so new apprentices a year. It has an incredible multicultural workforce. It provides extraordinary opportunities for many people. Much of its advancement came from the mining sector, but also from critical opportunities that arose in defence. Indeed, we often like to argue that Hoffman Engineering saved the Collins-class submarine, because it was able to work out how to keep the hatch watertight. We should be very proud of our capability in Western Australia. The work that has been done by the Premier and Minister Paul Papalia to get Western Australia a fair share of the defence spend is critical, not just for direct jobs, but for driving skill formation and capability within our state.

Hon Pierre Yang talked about some of the challenges that mining and defence provide for the manufacturing industry in this state. That is particularly the case during rapid expansion phases such as a mining boom, when it is very difficult to compete for both men and materials—meaning “men” in the broader sense. The exchange rate also makes it very difficult not only for imports, but also for the price of exports at the end. The mining sector has created that problem. However, on the other hand, the mining sector has underpinned some extraordinary manufacturing activity. One thing that I have come to understand, certainly over the last five years, is the number of Western Australian manufacturing companies that started off as mining services companies. Hoffman Engineering was set up by its original German migrant founders to service the mining sector. Many other companies in this state have a similar story. That includes Geographe Underground Services in your territory, Mr Acting President (Hon Dr Steve Thomas). That company started off by servicing the Alcoas of this world, and then moved into the iron ore industry. It then worked out that it could manufacture parts of the components that it was providing to the mining industry. I think that company now has in excess of 150 workers in advanced manufacturing. It was great to visit that company the other day and to provide, through our regional economic development grants scheme, some support to the work it has been doing.

Other companies in the manufacturing area are Byrnecut mining and Pinjarra Engineering. They employ over 200 people. Their genesis was also in providing mining services, particularly in the goldfields. Steve Coughlan, who developed Byrnecut mining, is now developing some very exciting new underground mining technology. We find the same thing with Ron Sayers from Ausdrill, who has built that company—which started off as a hard rock miner when he was aged 13 or 14—into a services company, and now into a manufacturer of equipment.

There are great possibilities in Western Australia. We absolutely need to support the Western Australian manufacturing industry and give it the opportunity to reach critical mass. As Hon Pierre Yang has said, we need to support it with strong local content policies. Hon Matthew Swinbourn will talk about how that will be further advanced through our rail procurement programs and how we will leverage off our investment to get manufacturing going. We have to believe that we can do this. Hon Pierre Yang talked about some of the regional economic development grants for manufacturing. Bruce Rock Engineering, which I think is extraordinary, received \$150 000 to upgrade its power supply. The grant enabled the company to increase its capacity by 50 per cent and not have to move to grow. With the investment, the company stayed in Bruce Rock and continues to manufacture its engineered products—trailers and dollies—to service the very prosperous mining and agricultural sector out there. McKeno Corporation in Broome is another extraordinary outfit that we have assisted with a RED grant. It takes tyre waste generated in the Kimberley and puts it into its pavers and masonry products. McKeno has found a way to deal with waste from remote locations in a productive way to generate a new industry. We are helping Himac Group in Albany through a RED grant to develop a new digital platform that will allow non-skilled workers to produce any welded item. That will create new entry-level jobs for people in the company’s fabrication and welding business. Himac’s creativity developed a rock picker that it exports to Russia. Of course, we have the fabulous Dongara Marine, which does extraordinary boatbuilding work, and Goldfields NDT, which does non-destructive testing. I could go on. We have extraordinary capability in this state, but we are often not aware of what that capability is. We are proud to be a government that is working very closely with this industry to drive forward these opportunities.

HON DIANE EVERS (South West) [11.47 am]: I thank Hon Pierre Yang for bringing forward this motion. I wholeheartedly recognise the effort that has been made in this area and I enjoyed listening to the list of projects Hon Alannah MacTiernan delivered. I hope that next year and the year after we get more long lists, because this is not a one-off; it is just the start. A lot of members have talked about what has happened in the past. It was really good to hear that, but I would like to talk more about the future and what we could be doing, because we are in a place of opportunity right now, and if we do not take hold of that, run with it and push it further, we will be left behind. We have that opportunity right now, partly because of the COVID-19 pandemic. COVID has slowed down our competitors, many of which are suffering much more than we are. They are struggling to keep their health systems in place and are looking at their own economies and trying to ensure that they can get the goods that they need to fight this disease. Australia has done a great job and things are really looking good, and that puts us ahead of everyone else in the game.

I hope that we will look at all the opportunities we have and take them forward. We have opportunities with renewables. We have endless amounts of renewable energy hitting this country every day—that is, waves, wind and solar. We could take on renewable energy and really make that our thing. We could become 100 per cent renewable

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so quickly if we put our minds to it, and that is what I look forward to. The Greens have a Green New Deal for the country and a lot of ideas about where we want to be in the future and how we are going to get there. One of those ideas is a big push for renewable energy. There is no reason to continue with any fossil fuel-generated energy. We also have the raw materials. We just heard a long speech about all the raw materials we have in Western Australia; our state is made up of iron ore and the mining industry is huge. The state is made up of minerals that we can sell overseas, but we should not rely on only that. We really need to expand that. We have those raw materials, so let us do something with them; let us process them here because we have energy, know-how and ingenuity available. Western Australians are well trained and educated, and can come up with ideas to add value to those resources here. If we get our act together, we could access quite inexpensive energy and process those resources here. In addition to our raw materials and minerals from mining, we also have commodities such as food. We can grow just about anything here. If we are growing it, why are we selling it overseas for a pittance in competition with every other grower? Why do we not add some value to that? Why do we not diversify and expand the range of things that we are doing so that we can participate in smaller markets and get better prices? We can add value to those things and we can do it here.

Over the past couple of weeks and months, I have heard more and more about putting money back into gas and getting gas going. What a mistake! That will send us back to the Dark Ages. If we keep continuing like the dinosaurs that we have been, we will stay in the Dark Ages. We do not need gas any longer. We should put all the funding that we have been funnelling into gas into renewable energy instead. I am speaking from the point of view of the Greens, and I understand that as long as this state is reliant upon 90 per cent of our exports coming from mining, we will be beholden to mining companies. Why are we helping them to increase that amount? Why are we helping to make that industry even stronger in comparison with what we can do if we diversify, innovate and add value to those things? Instead, we keep perpetuating the system in which we are beholden to the mining companies. It just does not make sense. We have to move on from that and from fossil fuels full stop. We do not need gas and coal. We do not need to stress so much about what people will do because we have so much opportunity here and so much ability for innovation. We will be able to create more industries that can create higher-value materials that we can send overseas. I would really like to see more happening there.

As I said, we need diversification. Farmers are learning that diversification can get them through difficult periods. That has been the point in past generations. We have moved forward to the idea that all we need is a monoculture, and if we have a monoculture, we can just produce as much as we can. It is all about quantity. But a lot of farmers are learning that it is more about diversity. If their crops are not doing well, maybe their animals will. We have to spread it out. That is why we have to go towards creating more small and medium-sized enterprises. The idea that farmers have to get big or get out was not made by individuals. That was pushed on them by chemical companies, machinery companies, industry and even the government. But being small gives people the opportunity to diversify, use their ingenuity and make something new with what they are doing. We really need to be diversifying, because that is how we will get more jobs on farms and in many different industries. If we diversify and work with small and medium-sized enterprises, who are the big employers in this country, we can help them grow and become larger employers.

We talk about jobs all the time—so much so that I get tired of hearing the word. People use the word “jobs” to emphasise whatever they want. They are not really thinking about jobs; they are thinking about money. I want to bring it back to the individuals—that is, the people who need work. It should not be at the level of working or being on the dole, but having a job where people can show up and feel like they are making a meaningful contribution to the community.

One area we need is revegetation. We have a lot of landscape and all we have done through the years is degrade it. Why do we not start improving it and bringing it back to being productive landscape? We can start taking that back and we can do that through revegetation and regenerative agriculture. There are ways to do it and the know-how is there. It will take pressure and a push from government to assist industry. The government must say that that is where its focus and priority is. Lots of jobs can become available through revegetation and regeneration. Imagine if we start looking after our forests and bring people into them to manage them. They can be revegetated and brought back to the health they had before. We can create jobs in the plantation industry—planting trees, monitoring them and making sure that they grow, so that we have the timber supplies that we will need.

As I said, there is a lot of opportunity in the renewables industry. There is a lot of opportunity for people to develop these industries and then move on from that. Once we have the renewable energy, we will need storage for that energy, whether it is in batteries or large-scale water backup. There are many opportunities, because once we have the energy at a lower price, it can then be stored with batteries or however it is done. Then we can start the electric vehicle industry. We can build things here. We do not have to build the entire car; maybe we can do the car bodies and maybe we can do parts of it, so we put the stuff together here and we develop that industry for the small and medium-sized manufacturers. Things are evolving. Information is flowing much more easily. We have a lot of

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ingenuity, intelligence and research. We can do that. We can build more here. We will hear more about the railcars as well.

We need to work with the federal government too, because this has to be across Australia. We have to work together as one on this, because we want to be the powerhouse for the world and to be putting this stuff out there. We have the potential to get that cheap energy if we just get our act together and take whatever we have been investing into fossil fuels and invest it into renewables. We have the employment; we have plenty of people. Maybe we will get to a time when they will not need to work so much because we have artificial intelligence, robotics and all that, but we could still be training those people to create more innovations. We could be a really smart country and not have people doing a job that a machine could do, but have them doing the research and development to make things work better for everybody.

One area that we still need to work on is transport. I like hearing about the railcars. Anytime I hear the words “rail” or “train”, my heart just leaps a bit because people love trains. I hear more and more about the possibility that maybe we will get tier 3 railcars back. It seems that everybody agrees that we should have them. If we get the tier 3 railways working—if we get the freight back on rail and get those lines working properly—they will be long term; they will be very long term.

Hon Darren West interjected.

Hon DIANE EVERS: Everyone should support rail, because it is there for the long term.

Several members interjected.

Hon DIANE EVERS: If members will just give me a few more seconds.

Rail is there for the long term, and that is what we have to think about—the long term. If we get the freight back on rail, we will make an awful lot of people happy, because once those rail lines are working properly, maybe people will be able to get on a train for a little holiday in the wheatbelt or down south. That is where our future is and that is where we should be going, because we are here for the people of the state, not just for the mining companies.

HON MATTHEW SWINBOURN (East Metropolitan) [11.57 am]: I thank Hon Pierre Yang for his motion today and for the opportunity to talk about manufacturing and Western Australian jobs. I recall the mantra that was on a poster in my study when I was a wee university student many, many years ago. It was an Australian Manufacturing Workers’ Union poster and the mantra on it was “Make it here or jobs disappear”. I think that mantra rings as true today as it did almost 20 years ago, and it has certainly stuck with me. I have not always been quite as receptive to messages on posters as I was to that one. It is a really important but simple message that if we do not have manufacturing here in Australia and Western Australia, we do not have the jobs associated with it. It is incredibly important that where we can have those jobs, we have them.

I am not naive enough to believe that we can make everything here. We simply cannot compete with some countries on the scale of manufacturing that they can do, so it would be silly for us to presume that the jobs we had in the 1950s and 1960s, when we had tariff protections and those sorts of things, could simply be brought back to this country. That is probably the case for the car manufacturing industry. We are just not in a position to produce the volumes that we once could to justify the economies of scale that make it profitable for the companies that own those enterprises. Others may disagree with me, but in the long term we just do not have the population base to support high-level, complex manufacturing with massive output. We can do it very well; we just cannot do it as cheaply as others. Then we have the issues of trade exposure, with a floating dollar meaning we are not in a position to maintain competitiveness of industry because of the up and down of the Australian dollar. The up and down of the Australian dollar hurts export-exposed manufacturing in this country, but it obviously helps other industries a lot, so the benefits of a floating dollar still remain as a macroeconomic response, but, as I say, for export-oriented markets in Australia, it will always be problematic. Now that our dollar is down to about US70¢, it will be much more viable. It was at the time those car manufacturers were dealing with a dollar that was above \$US1. If we think about the massive difference there, it is over 30 percentage points from where it was and that can have quite a significant impact. However, we can be smart about our manufacturing. Governments in particular can be smart about manufacturing because governments are some of the biggest drivers of product purchases through their own activities. We have talked about submarine manufacturing. The Australian government wants new submarines to be built in Australia and, largely, that would be a good thing. For a range of strategic and economic reasons they should be built here. However, the government can do other things. We have alluded to how we can bring rail manufacturing back to Western Australia. It requires active decisions by governments about how they proceed with their manufacturing demands. They can go to the global market and say, “Give me the cheapest train you can produce and we’ll buy it from you.” Of course, cheap does not mean quality or value for money; it just means that we probably get what we pay for. In choosing to manufacture our own trains, we are in a position to control the quality and the value of what we get.

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The McGowan government's decision and election commitment to build the railcars here in Western Australia, with a 50 per cent minimum production, was one that I was certainly very excited about. I was born at Swan District Hospital, Midland, so I come from that part of the world. As I like to say, we are a dying breed—I do not really like to say that, but it is true nowadays—no more people are being born at the old Swan District Hospital. My family is certainly well connected to the area of Bassendean where the Swinbourns have dwelt for some time.

That rail manufacturing decision was a really good one because the Midland railway workshops are a critically important part of our state and its economic development. It was certainly a very important part of the state for training apprentices in the trades that have helped to build the different parts of our economy. It is also within the East Metropolitan Region electorate, which is obviously where I am a member of. It is really important to have that manufacturing back in that part of the world. As Hon Pierre Yang said, it is in Bellevue. I think some romantics wanted it back at the old Midland railway workshop but that is not possible for a range of logistical reasons, including difficulty with the heights of the sheds.

Hon Michael Mischin interjected.

Hon MATTHEW SWINBOURN: We will continue with rail manufacture at Bellevue.

I do not think Hon Michael Mischin of the Liberal Party should talk about the Midland railway workshops, given it was a Liberal–National government decision to shut them down in 1993–94, after promising not to do so, so we will leave it there.

Several members interjected.

Hon MATTHEW SWINBOURN: Yes, okay. Manufacturing remained there for 90 years—from 1904 when manufacturing started at the Midland railway workshops. Rail carriages were repaired there, rolling stock was built there and a number of other things happened there. As I say, it provided an opportunity for many people to gain a trade and to be gainfully employed. I have taken the opportunity to visit the Midland Workshops. It is now a historical site. One of the really interesting places to visit is the patent shop, which contains all the patents to build the necessary steam locomotives. If we wanted to go down that old path, I am sure we could bang together an old steam loco! It is well worthwhile taking the chance to visit there. Rail manufacturing has been done in other areas, including Bassendean where the *Australind* was built in the 1980s. Thousands of tradies were trained at the Midland Workshops over the years. That is what we get when we bring manufacturing back to the state—the opportunity to train young people in trades. When the workshops were closed in 1994, we fell off a massive cliff with the training of trades in this state, particularly the metalwork trades—the welders, boilermakers, sheetmetal workers and those kinds of people. We stopped having a production line of tradespeople coming through and we suffered for that during the mining boom because we had a skills shortage. That was talked about a lot by businesses, some of which actually supported shutting down the Midland railway workshops. They said, “We need more apprentices; we need more people through; we need to bring people from overseas who have these trades because we don’t have them here.” We lost the opportunity that came from keeping those workshops open. Bringing manufacturing back to the state would give us the chance to manufacture here and to train people in new trades, and, of course, when the next mining boom comes—I am sure there will be one—hopefully more people will hold on to those trades that can be used more broadly.

Over the next 10 years, 246 new C-series railcars will be built at the new facilities. That will not so much replace, but help to phase out the A-series railcars and move the B-series railcars off the Midland and Joondalup lines and onto the heritage lines. That investment is estimated to put \$125 billion back into our economy; it will not go into Queensland's economy or overseas. That is really important for us, because when we invest money here, it has a multiplier effect. We spend that money and it circulates through our economy. The people who work at the new workshops will spend their money in their communities. They will go to the local restaurants, cafes and shops and spend that money. If we bought the trains from Queensland, those workers would spend that money in Queensland. If we bought them from overseas, that money would be spent overseas. This investment will keep that money circulating through our economy.

I thank Hon Pierre Yang for giving me the opportunity to speak about rail manufacturing in the East Metropolitan Region. It is a very important activity and I am very pleased that the McGowan government has made the commitment and is making it happen. I commend the motion to the house.

HON DR SALLY TALBOT (South West) [12.06 pm]: I am very, very pleased to be speaking about this motion today. This is incredibly important. As previous speakers have pointed out, the campaign to re-energise the manufacturing sector in Western Australia has been going on now for several decades. I think this is our big opportunity. The shutdown of the economy because of the coronavirus means that the cracks that were beginning to appear in the economic system and have been opening up now for a couple of decades have absolutely shattered the postwar dream we had that global trade, conservatism, neoliberalism or whatever term people want to use to

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describe that conservative philosophy of economic management was going to answer all our prayers. It was clearly not going to happen. What we see now with the virtual closure of our economy and the need to restart it because of the coronavirus is a big opportunity to pick up and move towards a fairer society in which we have a vibrant manufacturing sector that will give people real, secure, long-term employment.

That dream has now gone. We have had advantages from that post-war emphasis on free trade in global markets. There have been undoubted benefits, but along with those benefits have come, as I have said, some really serious cracks that now need to be filled. Perhaps the most serious of those is that we have seen productivity and wages become divorced. Wages growth has flatlined in the last few years. We have seen effectively the failure of privatisation that can be seen in price gouging and in the loss of services, particularly to regional areas. We have seen the economy become rife with wage theft. We have seen casualisation. I think it has been said many times in this place in the last few years that the casualisation of the workforce has all but destroyed opportunity and job security for a large majority of working people in this state. We have seen the failure of the corporate sector to pay tax and we have seen cheap offshoring.

We did not stop making things in Australia; we certainly did not stop making them in Western Australia, but we have, as previous speakers have referred to, seen the decline of the manufacturing sector to around six per cent of GDP. But what have we seen with the way that our community and our society has responded to the coronavirus? We have seen that the coronavirus response has been led not by the private sector, but by the public sector. What we have seen in the way that we have started to rebuild post-COVID-19 is that when good governments act in the interests of people, good things can happen. We have also seen, and people will be aware of recent research that has been undertaken in this regard, faith in governments return. How will governments respond to this need to rebuild after the coronavirus crisis? There is some clear evidence that the McGowan Labor government is prepared to lead the way out of this crisis by supporting local manufacturing, and I thank the Minister for Regional Development, Hon Alannah MacTiernan, for such a strong response to this motion. It is really heartening to somebody like me who has spent her whole political life advocating for local manufacturing and I am very proud of my association with the Australian Manufacturing Workers' Union. It is fantastic to hear the drivers of government being associated with our campaign to rebuild the local economy through the support of local manufacturing. We need to keep the benefits of peace and prosperity that we have seen throughout the world that have come with free markets and free trade, but we need to act decisively and swiftly to stop some of the injustices that have come along with allowing that unfettered growth, and we particularly need to bring down overseas trade barriers and stop tariffs. We need to stop those injustices that have flourished, and we can do that by supporting local manufacturing. Let us just have a look at what is happening locally.

I have referred to the fact that only six per cent of our GDP is made up of manufacturing income, but we still have close to one million people employed in the manufacturing industry. We still have scale. We still have experience. In Western Australia, we make machinery and equipment. We are a competitive manufacturer and processor of a whole range of things from food, chemicals and metal products to natural resources. This is our chance to build our domestic manufacturing capacity post-coronavirus and it is a chance that the McGowan Labor government is committed to taking, and members have heard evidence of that today in the strength of the government response provided by Hon Alannah MacTiernan. It is both a sensible response to filling the gaps in supply chains, which previous speakers have spoken about, and a way to powerfully reinvigorate our local economy.

Let us look at a few of the benefits that come from making local manufacturing the bedrock of our vision for a better Western Australia. I will make four quick points. One is that our trades workforce is highly skilled. Yes, it has been hard hit by the coronavirus shutdown, but it is simply economically illiterate to say that Australian labour costs are too high to make local manufacturing viable. Our Western Australian manufacturing workforce is a source of secure and reliable work, supply chains and products. The second point is that in the next hundred years, we will need new high-tech manufacturers and manufacturing supply chains, and the Western Australian manufacturing workforce is uniquely equipped to provide those things. That links in with all the things that the Greens want to talk about all the time. Of course, we have to move towards renewable technology and energy, but there is a whole raft of industries associated with the way that our economy will expand over the next hundred years that will rely on a secure local manufacturing industry. Third, WA has a proud record of providing the infrastructure needed by a robust, modern manufacturing industry. We have already heard some talk about the Midland railway workshops. What about the currently existing Australian Marine Complex? All we need to get a manufacturing hub to work is willpower on the part of government to bring together the capacity to supply power, water and transport in one place—to guarantee the supply of those three essential commodities. Out of that, we can build training opportunities, apprenticeships and a solid stream of work for the Western Australian community. That is exactly what we saw, as was referred to by a previous speaker, emanating from the Midland railway workshops—sadly, it was closed down by conservative governments—and that is exactly what we see associated with the AMC in Henderson. That

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is the direction that we need to look in if we are going to have a highly skilled, modern manufacturing workforce in Western Australia.

The final point I want to make is that a highly skilled manufacturing sector is good for us; it is good for us as an economy and it is good for us as a community. Once we have a robust manufacturing sector, we will see a trickle-up effect. We will get links into the service sector that keep the service sector viable. There are any number around the world, but let us take Germany as an example of a country that provides a good model to look at what happens when we do not allow a modern economy to concentrate on offshoring and privatisation. Germany has a flourishing arts sector that goes along with a flourishing manufacturing sector. Manufacturing is actually good for us.

I want to finish by very quickly congratulating the McGowan Labor government, of which I am proud to be a part, for putting its actions where its mouth is. We have already passed the Western Australian Jobs Bill 2017. As previous speakers have said, we have committed to building railcars in Bellevue. That is fantastic. I have a lovely sticker on my bike helmet that says “Build our trains here”. We have cut the cost of priority TAFE courses in half. During the current weaknesses and threats, we need to look for the strengths of and opportunities for manufacturing.

HON DR STEVE THOMAS (South West) [12.17 pm]: It seemed appropriate that somebody from the right of the chamber would make a comment on this motion. Being that I am probably further right than any other member, it seemed appropriate that I make a few comments. I will start by making a couple of comments about the contributions so far. I was in a position to listen very carefully, and I believe I heard Hon Diane Evers —

Several members interjected.

The ACTING PRESIDENT (Hon Robin Chapple): The debate has been conducted really well so far. I have given the call to Hon Dr Steve Thomas.

Hon Dr STEVE THOMAS: Thank you for defending my fragility, Mr Acting President!

The ACTING PRESIDENT: I can assure you from the chair that you do not seem fragile.

Hon Dr STEVE THOMAS: No, I am not fragile at all, Mr Acting President.

I believe I heard Hon Diane Evers suggest that farms were amalgamated not because farmers wanted to amalgamate, but because it was forced upon them by chemical companies and machinery companies. I have heard the Greens say some really bizarre things since I have been in the upper house, but I suspect that that is one of the most bizarre things I have ever heard. I suggest that the Greens need to have a conversation with the farming sector.

Hon Diane Evers interjected.

Hon Dr STEVE THOMAS: No; they grew for a pile of other reasons.

I was also interested to hear the contribution by Hon Dr Sally Talbot, my colleague in the South West Region. The Greens obviously have an antithesis to, an enmity for and a hatred of fossil fuels; that has been well said. Others hate the mining industry and would like to tax it further, but the Greens are completely up-front about their agenda. I enjoy that honesty in these debates. I was intrigued to hear the agreement of Hon Dr Sally Talbot in this debate. A year and a half ago, the Minister for Energy went to Collie and told the people of Collie that there would be no more coal-fired power stations in this state, which came as somewhat of a surprise to the south west and the good people of Collie. A month or so ago he even went a step further and said that there would be no more fossil fuel energy generation in this state ever—a position that was confirmed by a question in this chamber not that long ago. The Greens are obviously going a step further than that in that they want to remove the fossil fuel industry that currently exists. It appears to me that Hon Dr Sally Talbot has jumped on board with that. I will be very keen to see whether it is now the Labor–Greens alliance position that not only do we not support fossil fuel energy in this state at all, but also we are now starting our hit list of fossil fuels in Western Australia to see how quickly we can get rid of them! I look forward to that information coming out fairly quickly. I think that is a very interesting part of the debate.

In the limited time available, I want to leave the chamber with a particular point about the manufacturing industry. I do not think that any government, be it Liberal or Labor, has set out at a federal or state level to ensure the destruction of the manufacturing sector in this state or country, much along the lines that the Labor–Greens coalition is now out to attack and destroy the fossil fuel industry. It is indeed a fact that it has happened despite government policy, not because of it. Why has that happened? It has happened because we struggle to compete. Governments across the board have tried to remedy this process. As was mentioned by various members, the capacity to build the new future will very much depend upon the goodwill of all players in the process, if manufacturing is to re-establish itself and actually grow instead of decline in this state.

Hon Pierre Yang raised the example of Germany, which is a very good example because it is highly efficient. Germany has maintained its manufacturing sector. We will need the union movement to be actively engaged in making us more efficient and being flexible in its workplace negotiations. I note that the member for Pearce, the

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honourable minister Christian Porter, is now working closely with the leader of the Australian Council of Trade Unions, Sally McManus. I hope that the unions in Western Australia will jump on board. My very good friend Hon Matthew Swinbourn, and I am hoping the Builders Labourers Federation—sorry, the CFMEU; sorry, the CFMMEU!—will be jumping on board to make workplaces in manufacturing more efficient than they are today.

Motion lapsed, pursuant to standing orders.

The ACTING PRESIDENT (Hon Dr Steve Thomas): Honourable members, that rather disruptive and unruly display ends the private members' business for this day. The Chair will be cracking down on that sort of behaviour in the future!