

# SKILLED LOCAL JOBS BILL 2011 (E 198)

## EXPLANATORY MEMORANDUM

*(Introduced by Hon. Eric Ripper, MLA)*

Western Australia is currently the beneficiary of \$90 billion worth of annual output from the resources sector. More than half of Australia's total mineral and petroleum exploration exists within Western Australia. Western Australia's current share of Australia's natural gas resources is more than 70 percent. Further wealth will be created as significant gas projects become operational.

Western Australia must ensure that local industries and sectors working complementary to the resources industry have at least as good an opportunity to compete with their overseas counterparts to secure work on major WA projects.

The Bill requires the Government and major project proponents to negotiate publicly available Skilled Work Agreements for the State's largest resource projects. Where a State Agreement Act will govern the project, the Bill requires equivalent terms are inserted. The Bill does not mandate the specific content of the skilled work provisions.

This Bill seeks to make it incumbent on the Western Australian State Development Minister to work with major project proponents to provide certainty and transparency to the public around the way WA resources are exploited. The Bill also aims to encourage long-term strategy and investment from non-renewable resources and relevant essential infrastructure.

The purpose of this Bill is to provide an appropriate framework to ensure the Western Australian Government and proponents of major resources projects—

- detail procurement practices that will provide a fair opportunity for Western Australian industry to participate;
- detail information on methods by which Western Australian businesses will become part of the supply chain of the resource developer;
- detail how Western Australian suppliers will be given equal opportunity to participate as existing interstate and overseas suppliers;
- provide information on the expected percentage of local content;
- explain why Western Australian businesses are being overlooked for work not done here that could be done here; and
- detail which region of Western Australia will benefit from participation in major resource projects.

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**Clause 1** Short Title

**Clause 2** Commencement clause - the Act comes into operation on receiving Royal Assent, or the following day depending on the section.

**Clause 3** Describes the terms used throughout the Bill.

A major project is defined as any resource or electricity generation project or associated infrastructure with a projected carrying amount exceeding \$200 million. There is also capacity for Ministerial discretion to bring other projects under the scope of the Bill.

The Minister responsible is defined as the Minister responsible for the *Government Agreements Act 1979*, currently the State Development Minister.

Services are defined as the range of skilled work categories that must be covered under the skilled work provisions of a Skilled Work Agreement or in equivalent provisions of an appropriate Government Agreement.

**Clause 4** Future Government (or State) Agreements are to contain skilled work provisions of the type described in clause 7 of the Bill.

**Clause 5** Requires the Minister to enter into a Skilled Work Agreement with the proponents of major projects for any major project not the subject of a Government Agreement.

The Minister must use their best endeavours to negotiate and effect the agreement before the services for the project begin.

Skilled Work Agreements are not required where the services for those projects have already commenced at the date the Act comes into operation.

**Clause 6** Outlines the principles the Minister must take into account when negotiating a Skilled Work Agreement with a major project proponent.

**Clause 7** Sets out the content of the skilled work provisions required in Skilled Work Agreements and Government Agreements where applicable.

Skilled Work Agreements must specify—

- which major project services will be carried out in the State and which region of the State they will be carried out in;
- how many skilled work positions will be created and how many of them will be created in Western Australia;
- the number of apprenticeships and traineeships required to supply the Western Australian skilled work positions;
- the number of person-hours required for each services category for the project;
- which services will not be carried out in Western Australia and why;
- the quantity of fabricated steel required and how much of it will be fabricated using WA services;
- the research and development investment in relation to the project in Western Australia;
- the standards and specifications the project proponents will use when requesting tenders for the services, and to provide an explanation if Australian standards and specifications are not being used;

- the provision for alternative WA services of equal value to be substituted into an agreement if a proponent does not use WA services as specified in the skilled work provisions; and
- penalty and dispute resolution clauses.

The Minister may use their discretion to include additional terms as appropriate, having regard to the principles set out in clause 6.

**Clause 8** Specifies the timeframe and procedure the Minister must use to table the Skilled Work Agreement in Parliament.

**Clause 9** The Government Department principally charged with administering the *Government Agreements Act 1979* must include information in its Annual Report on compliance with skilled work provisions contained in a Skilled Work Agreement or relevant Government Agreement.

At present this is the Department of State Development.