

WESTERN AUSTRALIAN JOBS BILL 2017

Second Reading

Resumed from 31 October.

The PRESIDENT: I understand that we will now be dealing with order of the day 20, Western Australian Jobs Bill 2017, and the question is the bill be passed.

HON PETER COLLIER (North Metropolitan — Leader of the Opposition) [2.01 pm]: The question is that the bill be read a second time?

The PRESIDENT: Thank you. It is the end of the year.

Hon PETER COLLIER: I am not quite ready to pass the bill yet, Madam President.

The PRESIDENT: I know. There was a bit of enthusiasm there.

Hon PETER COLLIER: In the fullness of time we will support the expeditious passing of the Western Australian Jobs Bill 2017, but I rise to make a few comments in the second reading debate on this bill.

Coming hot on the heels of the second reading debate on the Salaries and Allowances Amendment (Debt and Deficit Remediation) Bill 2017, which we have not concluded yet, I have to say that this is another bill that, to be honest, I am staggered is a priority of the government at this stage of the legislative program. Having said that, we are not in government anymore and I have to accept that.

Perhaps it is the chalkie or the former Minister for Education in me coming out, but when I saw it was the second reading of this bill, I was automatically a little sceptical about not only its authenticity, but also the calibre or content of the bill. I take members to the first page of the second reading speech that was provided to and read in by the Minister for Regional Development. I will read the last paragraph in case members missed this when it was read in. It states —

The Strategy will be based on a number of key objectives. That is, promoting the diversification of the economy. Raising awareness of local industry capability. Encouraging innovation. Promoting increased apprenticeship, training and job opportunities.

Then “and” with a capital A commences the next sentence —

And lastly, giving local industry a full, fair and reasonable opportunity to compete against foreign suppliers. Small and medium enterprises will be a particular focus of the Strategy.

At first glance, of course, the bill is flawed because the second reading speech is full of grammatical errors.

Hon Darren West: That’s allowed.

Hon PETER COLLIER: That is allowed, is it? So they are the standards that you guys accept, are they?

Hon Darren West: You can start a sentence with “and”.

Hon PETER COLLIER: That is one of a litany of issues. Was the member not listening? Come on! As I often say, honourable member, I do not mind your interjections as long as they are intelligent.

The PRESIDENT: Leader of the Opposition, I mind the interjections, and you should be talking to me.

Hon PETER COLLIER: Just to conclude, in eight months I have not had one intelligent interjection from that honourable member.

I am delighted that when I read *Hansard*, it got the grammar right. If it were not for *Hansard*, we would have a real problem with this bill.

Hon Stephen Dawson: Thank heavens for *Hansard*.

Hon PETER COLLIER: As I said, born and bred a chalkie, I would like to think that the government could perhaps get those fundamental little things right.

The Western Australian Jobs Bill 2017 is a jobs bill, so who could argue against it? We cannot, but I have to be honest that it is debatable whether it will do anything. Nothing is contained within this legislation that will provide jobs. A lot of motherhood statements are contained within this bill but, when it comes down to it, only when we get down to the content of the regulations will the veracity of the government’s strategies determine whether the bill will create one job. It is all well and good to talk about local content and local jobs, but we have to question whether a bill like this—I will go through it quite forensically a little later—is a sincere attempt by the government to create jobs or nothing more than a cosmetic stunt. Yet again, hot on the heels of the previous legislation, I am staggered that after eight months in office, this is as good as it gets from the government.

One quite valid issue was raised on a number of occasions in the other place about the bill's title, the Western Australian Jobs Bill 2017, because it flies in the face of section 92 of the federal Constitution. If we were to adhere to section 92 of the Constitution, it would be called the "Australian and New Zealand jobs bill" because it would be contrary to the Australian Constitution if it included just Western Australia and not New Zealand and all other jurisdictions. I draw members' attention to section 92 of the Constitution, "Trade within the Commonwealth to be free". That section of the Constitution states —

92. On the imposition of uniform duties of customs, trade, commerce, and intercourse among the States, whether by means of internal carriage or ocean navigation, shall be absolutely free.

In fact, in isolation it is not possible for the bill to deal exclusively with Western Australia. I also draw members' attention to the Australia and New Zealand Government Procurement Agreement. Let us look at this agreement because it also adds weight to whether it is possible for a bill to deal exclusively with Western Australia. The agreement states, in part —

The objective of the ANZ Government Procurement Agreement is to create and maintain a single ANZ government procurement market in order to maximise opportunities for competitive ANZ suppliers and reduce costs of doing business for both government and industry.

This will be achieved by:

- ensuring the opportunity exists for ANZ suppliers to compete on an equal and transparent basis for government contracts in the Commonwealth of Australia Government, Australian States and Territories, and New Zealand Government;
- ensuring the absence of inter-state and trans-Tasman application of preference schemes and other forms of discrimination in government procurement, based on the place of origin of goods and services;

Both those restrictions influence whether we can have an exclusive Western Australian bill. As I said, this was raised in the other place but it will not stop carriage of this bill. It shows yet again that the legislation is cosmetic. Fundamentally, it cannot be done in technical terms. We can get around it, which is what will be done through regulations and a raft of other means. Fundamentally, it is just a title so that the Premier can say he has a jobs bill to create jobs; whereas, later in my contribution members will hear that perhaps actions are more important, and they have not been forthcoming thus far in this term of government.

The industry participation strategy, which is a major cornerstone of this bill, will take time to be developed. Given the expeditious nature upon which the government wants to progress Metronet, we have to assume that this bill will be in place before any contracts are provided. It would have to be, or else it would contradict the legislation's intent. In addition, although the industry participation strategy should be available in February or March next year—I would hope it is available in February or March next year; I would like a response to that—it could certainly be somewhere towards the end of 2018 before agencies, businesses and contractors to government would be required to be 100 per cent compliant with the strategy. If not, that makes a mockery of this bill. I would like the minister to respond to the time lags from the implementation of the bill and the industry participation strategy following their completion. What happens to any contracts that are provided, signed or agreed to within government prior to the conclusion of those two things? I understand there are no consequences for noncompliance with industry participation plans, and no penalty clauses for noncompliance will be written into the contracts. I would like confirmation of that. With no penalty clauses, what will prevent an agency or any form of government from being noncompliant? I understand there will be the potential for being prohibited from being awarded further government tenders. Will that prohibition be the only thing that will prevent an agency being awarded a government contract, or will there be something else?

I will go through a few things in the Western Australian Jobs Bill 2017 in a moment. As far as the state is currently concerned, it is absolutely vital that we focus on Western Australian jobs. I have no problems with that. We fully agree with that and we did as much as we possibly could in government to ensure that occurred. Some would say not enough, and certainly the current government thinks that way. I remind members of a couple of things that we did. On 11 August 2015 the Liberal–National government replaced Priority Start with a government building training policy that ensured that government construction, building or maintenance projects worth over \$2 million would be awarded only to companies with the industry average of 11.5 per cent of its workforce made up of apprentices and trainees. That was obviously to try to promote the training component of the workforce. The scheme had the full support of industry and massively improved the reporting of training numbers, ensuring companies were adhering to the policy. That is one of the biggest issues we have, and governments have constantly been faced with the same issue of trying to ensure some sort of compliance from builders and companies who procure government contracts so that they employ at least a minimum percentage of trainees and apprentices. That is one of major issues.

Extract from Hansard

[COUNCIL — Tuesday, 5 December 2017]

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Hon Peter Collier; Hon James Chown; Hon Jacqui Boyde; Hon Colin Holt; Hon Diane Evers; Hon Colin Tincknell; Hon Alannah MacTiernan

One of the biggest issues in Western Australia, given the high reliance of the state's economy on mining, is ensuring we have sufficient apprentices and trainees. The real disincentive for employers to employ a trainee or an apprentice is that their productivity is at its lowest in the first year or two. Very frequently someone will start an apprenticeship, their mates will be making an enormous amount of money as unqualified labourers, particularly in the north of the state, and there is much more of an incentive for an 18 or 19-year-old to drive a Haulpak for \$80 000 a year as opposed to staying here and committing to an apprenticeship for three or four years. As training minister I always had to deal with making sure that apprentices understood the value of that qualification; it is a treasured possession that something can follow on from globally. We suffer the consequences of the fact that in a lot of short-sighted instances people do not understand or value apprentices and trainees, particularly in the building and construction industry. The former government also introduced a new threshold level for secondary graduation to ensure that every Western Australian student must have either an Australian tertiary admission rank or a certificate II. That is to ensure that everyone has some form of qualification at the end of year 12: an Australian tertiary admission rank, a certificate II, and a minimum literacy and numeracy standard. We did that to ensure that those who come out of school who do not want to go to university and pursue an academic pathway at least did not feel diminished in any shape or form as result of that, mindful that around a third of our students go to university and two-thirds do not. To give them a leg-up into a qualification, they must have a cert II. That was embraced by all sectors. All education sectors, the Chamber of Commerce and Industry of Western Australia and even the State School Teachers' Union of WA supported it. Everyone supported it because it acknowledges that post-compulsory education ensures that we best prepare our students for life in employment. It is vital. It is all good and well to talk about education in terms of graduation and it is fine to give someone a piece of paper that states that they have graduated, but if it does not prepare them for life beyond compulsory education with employment opportunities, we are wasting our time. Yes, we did that. It was a great reform in Western Australia. We were the first state in the nation to introduce that reform and it was embraced by all members of the community and, I might add, all other jurisdictions. Three other jurisdictions at last count—I am not sure whether the others have come on board yet—have introduced the same criteria that we did. It is nation-leading.

Western Australia already has a local content policy in place. The requirement for industry to create a participation plan without layers of red tape and bureaucracy made up a significant proportion of the debate in the other place. Under the Victorian legislation, upon which a large component of this legislation was mirrored, it takes anything from four to six days to overcome those compliance requirements. Could the minister give not so much a commitment, but an understanding of how much red tape is required and whether we are biting off more than we can chew? We also know, and certainly this has always existed, that new and revised state agreements for major projects already require approved local participation plans and local content reporting. That is already in place and needs to be remembered. This legislation is a duplication of existing services and it adds red tape; I have commented on that. Tenders WA is currently utilised to make the tendering process for WA government contracts transparent and efficient. It is an essential source of information on Western Australia's public sector requests and awards contracts. Western Australian government departments use this website to advertise their public requests and public contractual awards, including sole sourced purchases. As I said, already imbedded within the system are a number of instances whereby there have been some significant inroads to ensure local content and to ensure that that does provide local jobs. Having said that, conditions are already in place that provide for local jobs. It is important to remember that having been in government for eight months now, we need to reflect upon, as I said, whether or not it is based upon words or actions with regard to local government.

I will go through the bill in a moment. The bill says very, very little, for those members who have read it. It does not state much at all. We will pass it, but we want to make sure that it will provide some constructive improvements in job creation. At the moment, there are a couple of instances that show that what the government is saying and doing are two different things. Take, for example, the McGowan government's awarding of the production suites contract for a South Australian company for the magnificent and wonderful new Perth Stadium, which will be a great legacy of the previous Liberal-National government. The only thing we will not have is our name on the plaque, but aside from that, it is without a shadow of a doubt a magnificent legacy for the previous government. Given that the government is intent on providing local jobs, I wonder why this major events contract was awarded to a South Australian company. An article in *The West Australian* titled "WA firm dismay at loss of stadium deal" states —

A Perth events company is calling on the State Government to step in after learning that a major Perth Stadium contract would be awarded to a South Australian firm. Lloyd Events managed the demanding audio and visual production contract at Subiaco Oval and was in the running to continue at the new stadium until being told the Adelaide business had all but secured the deal.

Lloyd Events' bid for the contract included glowing references from the management of the West Coast Eagles and the Fremantle Dockers, which argued for the need to work with a local business.

Known as the "production suites" contract, the company responsible has to manage almost everything a patron sees and hears, including what is on the giant screens, and provide camera and audio crews on match days.

"We are exclusively West Australian," Lloyd Events boss Michael Lloyd said.

"Our bid was more than competitive. We've got our runs on the board in terms of experience and I think that State Government projects should be supporting local businesses and that's what the government says."

From this piece of legislation, it could be assumed that that is the case, but it is obviously not. I am well aware of Lloyd Events. It is a local company and I know Michael Lloyd. I taught him year 11 and year 12 history and politics at Scotch College. He is a very fine young man and is very definitely a local boy. What he has done to create this business is extraordinary and he is always intent on local product. It is disappointing that when it comes to the meat in the sandwich—actually doing it—the government has been left a bit wanting in this example.

Another example came a few days later when the government awarded the crockery, cutlery and kitchenware contract to a French-owned company over a Western Australian company. An article in *The West Australian* by Gary Adshead titled "Another local firm loses out on a contract" states —

A Perth hospitality company has lost out to a French-owned business in pursuit of a \$3 million Perth Stadium contract.

Hisco has supplied crockery, cutlery and other kitchenware for catering at Subiaco Oval for more than a decade and is the second WA firm left disappointed by the tender process.

The West Australian revealed last week that local audio and visual production business Lloyd Events came second to an Adelaide company that won a five-year stadium deal.

The latest contract winner has its head office in Queensland and is a subsidiary to a French multinational company.

But Hisco, whose chairman is current WA Football Commission chairman Murray McHenry, said in a statement that it was still hopeful of winning any future stadium contracts.

"As a wholly owned and operated WA company with over 50 staff, we were obviously disappointed that we didn't win any of the initial set-up of such an iconic WA project," the statement said.

"Whilst we didn't win this time, we are very keen to work with VenuesLive, or any future operator of the Perth Stadium, to secure any further supply opportunities that may be forthcoming."

I would like to think that it will be successful, given the procurement processes suggested in this piece of legislation. Having said that, nothing is definitive and it is very subjective. I would like to think that the regulations will provide a little bit more insight into what local content will be provided.

There are other examples. We have just found out that Western Power is paying a South African company to do advertising. Why is that the case? That has to be asked again. It is an agency that would be captured within the blue ink of this legislation and I will talk about that in a moment when I look at the bill. The Minister for Water awarded the contract for Albany's wastewater treatment plant to Guidera O'Connor, a South Australian company. Ri-con, a Queensland company, is building millions of dollars of housing in Aboriginal communities. Again, why is that? I am sure that plenty of Western Australian businesses could do this work.

Those are half a dozen examples of local companies missing out to either interstate or international companies while the government has been in power. As I said, it is all well and good to have a bill that looks good in the newspapers and looks good when the government says, "We have got the Western Australian Jobs Bill", which, as I said, is incorrectly titled, and puts it on its lists of accomplishments. Aside from that, when it comes down to it, it is all good to talk the talk but the government has to walk the walk and in this instance it has been left wanting. I would like an explanation, please, about why those contracts in particular have gone to either interstate or international companies.

While I am on the point of job creation et cetera, I would like to think that the government will start to take a bit of credit for things that come through. Although the government seems to be infatuated with us and spends 99 per cent of its time thinking about us, I would like to think that as we are at the end of the parliamentary year the government will start to become more insular and think about itself and what it is doing. We have had one budget and another budget is coming up. As I said before, I know what it is like to sit on that side of the chamber. I know that you guys would have finished the bilaterals and are now working towards the budget that will come

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down in May. By the end of January it will be too late. Every now and then there is a little twist and turn and the Premier will come in and allow a pet project or whatever it might be here or there, but fundamentally the mechanics behind the budget are being established right now. I would like to think that come budget time—which will be halfway through the government’s term in terms of budgets because it will have only two more budgets before it is accountable to the people again—you guys will take some responsibility.

It was interesting to read the detailed labour force data released by the Australian Bureau of Statistics on 23 November 2017, which was less than two weeks ago. Since the Labor government has been in office, the median duration of job search in Western Australia has increased from 12 weeks in March 2017, which is when the government took office, to 27 weeks in October 2017. It has increased from 12 weeks to 27 weeks over the duration of the government’s tenure thus far. Western Australia has the second highest median duration of job search behind Queensland, which is on 29 weeks and which had a Labor government and it may have another Labor government depending on the voting in that election, and that is nine weeks longer than the Australian average of 18 weeks and almost double the best performing state, the wonderful Liberal state of New South Wales, which is on 14 weeks. Incredibly, this is the longest median duration of job search in WA since the ABS began its records in 1991. Again, it is all good and well to bring forward a bill like this and talk about jobs for Western Australians—that is great—but the bill itself is completely deficient of strategies. In addition, in walking the walk, the indication of job creation for Western Australians is found wanting based on the six examples I gave a little earlier.

With that said, I will make a few comments about the legislation. As I said, I am in opposition. People think that I will criticise the government no matter what it does. I promise members that if the government comes up with something decent, I will give it its due credit. I give you that guarantee, Madam President. But when the Western Australian Jobs Bill is listed on the notice paper as a bill that has to get through this year, one has to say that it must contain something substantial, particularly when other legislation is apparently not urgent and is not listed on the notice paper.

Hon Nick Goiran: No body, no parole.

Hon PETER COLLIER: Exactly. There has been so much local debate about that. It was a massive issue for the government, but it is not even listed.

Hon Nick Goiran: A kick in the guts.

Hon PETER COLLIER: That is right.

I would like to assume that there is something in the bill that makes it essential that it be passed now to create 10 000 jobs. I am sure the minister will acknowledge that that is not the case. I understand that this is the framework. Do not get me wrong, I have been around this place long enough to know how legislation works. This is the framework, and the meat in the sandwich will come through the regulations and its implementation et cetera. I understand all that. All I am saying is that it is very, very hard to take the government seriously when it states that this is the most significant legislation on its legislative agenda two days before we rise. The counter to that could be: “Don’t you think jobs are important?” Of course I think jobs are important. That is why I went through half a dozen examples of the government not providing local jobs. That is the important thing, Madam President. This sort of stuff is all good and well. It is good for the graphics and the government’s list of achievements for the year, but when it comes down to it, as I have said, the duration of job tenure and contracts for local firms in Western Australia are going backwards at the moment, and that is important. If we ask people who are now unemployed, who had been fly in, fly out workers for 10 years, people from Ballajura, Byford, Wembley or wherever, what they want, they do not want cosmetic legislation; they want a job. So give those local firms and local people the local jobs. Make sure that they get those jobs. That is my point. I have nothing against the intent of the legislation. That is why we support the bill. My concern and my criticism is that, quite frankly, the legislation does very, very little in real terms.

If members have not had a look at the legislation and they have a bit of insomnia tonight, I suggest they have a read of it. The bill does not say much at all. A lot of motherhood statements are contained in the legislation. Clause 5, which is basically the bulk of the bill, “Western Australian Industry Participation Strategy”—the terms have to have that—states —

- (1) The Minister must develop and implement a written strategy about the participation by local industry in activities for or in connection with a supply that meets the criteria prescribed for the purposes of this subsection.
- (2) The strategy is to be called the Western Australian Industry Participation Strategy.
- (3) The Minister may, from time to time, amend or replace the strategy.

As I said, there are a lot of open-ended comments throughout this legislation that provide outs for the government. If members do not believe me, they should read the legislation. I went through the bill and I have highlighted clauses throughout. I was going to read the whole lot, but I did not want to waste the house's time with that, Madam President, because I know that we are all desperate to get back to the Salaries and Allowances Tribunal bill. I will read a few clauses to show members that it is flawed legislation that does not provide any substance whatsoever, as I keep saying. Members should look at clause 6, "WAIPS provisions", which refers to the Western Australian industry participation strategy that is required for local content. It states —

Without limiting section 5, the WAIPS may include the following —

Again, "may" include the following —

- (a) different provisions for different classes of supply, participation plan or supply contract;
- (b) guidelines as to its application and procedures to be followed in complying with it.

Again, it is "may". Clause 7, "WAIPS objectives", states —

In developing, amending or replacing the WAIPS, the Minister must have regard to the following objectives —

- (a) promoting the diversification and growth of the Western Australian economy by targeting supply opportunities for local industry;
- (b) providing suppliers of goods or services with increased access to, and raised awareness of, local industry capability;

That is very subjective and there are no mandated requirements whatsoever. I am sure that the advisers sitting at the back of the chamber are fascinated by my contribution and will have an answer to this question. Minister, I would like to know whether there are any provisions in the bill for noncompliance? If not, that makes this legislation redundant. It is all good and well to put it on paper, but if there are no penalties for noncompliance, they will just say, "Up you!" That is what will happen. We will be 12 months down the road before the Premier hands down his first report. He has to report to Parliament in November of each year. What will it be? I will not want to hear these motherhood statements about how the government has done this, that or the other thing. I will want to hear some substance: Yes, apprenticeships have increased by this number, the school workforce has increased by this number et cetera.

That is my reading of the bill. I might be wrong, but I would like a response to that. What penalties are there for noncompliance? The rest of that clause is also open to criticism about subjectivity because it states that the minister must have regard to the Western Australian industry participation strategy objectives, which are —

- (a) promoting the diversification and growth of the Western Australian economy by targeting supply opportunities for local industry;

I really want to know how we can judge that. It continues —

- (b) providing suppliers of goods or services with increased access to, and raised awareness of, local industry capability;
- (c) encouraging local industry to adopt, where appropriate, world's best practice in workplace innovation and the use of new technologies and materials;

What on earth does that mean—"encouraging local industry to adopt, where appropriate, world's best practice"? Do we have workshops? Unless there is a substantive outcome that can be measured, that means nothing. The next objective is —

- (d) promoting increased apprenticeship, training and job opportunities in Western Australia;

I could say something about Sherlock but I will not. No, Sherlock. That brings me back to the point I made earlier that we can say those sorts of things, but unless we have something substantial to show that we can achieve it, it is a pointless clause. I will go back to another point I raised earlier. I was very conscious as a former educator and a former Minister for Training that we had to do something in our education system to ensure that students who did not want to go to university did not feel diminished. When they reached year 10 and were deciding what to do in year 11 or 12 and they did not want to follow an academic pathway, they were not made to feel diminished or subservient to those who did want to follow an academic pathway; they were made to feel just as significant. When they finished an apprenticeship as a carpenter, chippy or sparky, they came out with a piece of paper that gave them a qualification that was just as significant as a PhD in philosophy. They could say that they have

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a qualification and they are just as important. That is why we did that. We did not just put it on a piece of paper; we took some action. That is why in 2013, we introduced in Western Australia a new set standard for our schools.

I will repeat what I said about 10 minutes ago. Every student who graduates from a school in Western Australia has a certificate II or an Australian tertiary admission rank, or both, and a minimum literacy and numeracy standard. It might not give someone an apprenticeship or a traineeship, but it gives them that seed of positive energy to say, “See what I can achieve.” I went to Fremantle to present certificates to the hundreds of Aboriginal students graduating at SMYL Community Services. The CEO at the time—I do not know whether he still is—was a former member of this house, Graham Giffard; he is a top bloke. I saw a few eyes rolling over there, but I have to admit I like Graham. A couple of hundred Aboriginal students came up on the stage and I gave them a certificate II in something, and I was gratified as a member of this chamber and as a chalkie. If members want to feel gratified, they should go there and perform that role. That says to some of the most marginalised adolescents in our community, “See what you can achieve when you put your mind to it?” I wanted to plant that positive seed so that when the students came out of school, they had something; they had a certificate II. To some people it is minuscule, but for others to come out with a certificate II in hairdressing or retail provides them an opportunity to go into employment. It is a tangible outcome. The Liberal–National government achieved that.

When we hear the bleating opposite about how we did not do anything and we do not care about jobs, I say that we did a lot more than this cosmetic stuff in front of us now. That was a tangible outcome. As I said, I traversed the length and breadth of Western Australia when I was Minister for Education and I will be long gone by the time we see the positive outcomes, because it was introduced in 2015. I will be long gone and, had we even won the election, I knew I probably would not have lasted the full term. I will now; do not get excited! I am enjoying this. Having said that —

Hon Sue Ellery interjected.

Hon PETER COLLIER: Pardon? Sorry; I thought we were going to have a very informed interjection, but I will not take it anyway.

Having said that, that is what we did, so when the government talks about promoting increased apprenticeship training and job opportunities for Western Australians, I would like to know what it has planned. I assume, again, that it is going to be in the regulations, but I would like to have a substantive understanding of what that actually means. The final paragraph under “WAIPS objectives”, clause 7(e), states —

promoting increased opportunities for local industry to develop import replacement capacity by giving local industry, in particular small or medium enterprises, a full, fair and reasonable opportunity to compete against foreign suppliers of goods or services.

Can I say that that reads more like a ministerial statement than a piece of legislation. That is just a motherhood statement about what the government would like to happen. We all know; those who are privileged enough to have been a minister know that that is what a ministerial statement does—it outlines what we are doing and where we are going, and the substance comes through the legislation. We are going the other way around here; we are actually introducing legislation without the ministerial statement, and what I just read out provides nothing with regard to understanding.

Part 3 is headed “Participation plans”, and that is the bulk of the legislation. The best I can say is that part 3 is the same as part 2—the same sort of stuff. It is all motherhood statements. To quote one as an example, under clause 12, “Procurement agency to require participation plan”, subclause (1) states —

The procurement agency for a WAIPS supply must require each prospective supplier to submit a participation plan in the course of the procurement process for the WAIPS supply.

Again, it is not mandated. There is no construct there whatsoever in terms of outcomes, so fundamentally it means nothing. It is a meaningless piece of legislation. Finally, under clause 13, “Participation plan to be considered in procurement process”, subclause (1) states —

The procurement agency for a WAIPS supply must assess and consider the participation plan submitted by a prospective supplier when evaluating the offer to supply made by the prospective supplier.

I will re-read part of that sentence —

... supply must assess and consider ...

Again, there is absolutely nothing about a prescribed standard or requirement contained within this legislation. Yes, I know it will come in the regulations, but, quite frankly, in my entire time in this place, I do not think that I have seen a piece of legislation so full of holes. The intent is fine. If the government is to put up a piece of

legislation titled Western Australian Jobs Bill 2017, so be it, but I would much rather 20 bills with some substance behind them come before this place than this, which is just full of motherhood statements.

I would like to bring my comments to a close. Suffice it to say that the Liberal Party will support this bill because we could not support a bill that is going to provide jobs, but at the same time we are very disappointed that it provides very, very little in content. I have asked the minister to respond to some of my queries, and I will just reiterate the questions to which I would definitely like some responses from the minister.

Firstly, will the participation plans provide prescribed outcomes? I think I already know the answer to that question, but it will be hard to defend this bill if it does not have some prescribed outcomes. Secondly, how will the government trading enterprises be affected by the legislation—that is, what requirement or penalty exists if they are noncompliant? The government trading enterprises have a unique capacity to get around government, and having been there, I know how they do it. Thirdly, what flexibility exists for an exemption? The exemption is contained in the meat of this legislation, so what flexibility exists for that exemption? Will we just be giving out exemptions here, there and everywhere, or are there stringent criteria for exemptions in the form of guidelines? Fourthly, will the regulations provide specific threshold levels and will they provide details on exemptions? Fifthly, how will this bill decrease red tape, which I have already asked about? That was mentioned in the second reading speech and also in the comments of the Premier in the other place. He was quite categorical that it would reduce red tape. He stated that over and over again in the other place, so I would like to see some evidence of that.

I thought it was quite fortuitous today when I saw an article in *The West Australian* titled “McGowan must start to deliver on mining, jobs”. I will not read the whole article. It is fortuitous that we are dealing with this bill today and this article was in today’s *The West Australian*. It states —

Despite positive signs beginning to emerge in the WA economy, most West Australians are yet to see and feel the impact of this coming change. Recent releases by the Australian Bureau of Statistics show that WA is contending with a number of significant issues—a slight rise in unemployment over the past month and recording this year the highest rate of underemployment since 1990.

Together with low wage growth, higher rates of mortgage defaults, mortgage stress and falling house prices, many WA families face a perfect storm of financial pressures.

We need to make our economic recovery broader and deeper and accelerate our economic growth so people living in regional WA feel the benefit, too. It’s here where decisions need to be made, and where the mining and mineral exploration industry looks to the State Government for support and leadership.

It concludes —

As the mining industry begins to recover, the Government should build on WA’s resource potential to create new revenue streams and jobs. In weighing up whether a project should proceed, the Government must look at the merits of a proposal beyond the anticipated environmental impact.

It must also consider the significant economic and social benefits that come with a proposal.

Mark McGowan came to power promising West Australians jobs and growth. As Premier, he now has a prime opportunity to back up his commitments with action and approve the development of these projects.

Hear, hear!

To conclude, there are a number of areas that show that that is simply not the case. I have no intention of reflecting on the first home owner grant decision; that was the will of the house and that is fine. But I like to think that the government will consider something more substantive to promote first home owners. This government relinquished Perth’s regional migration status and that is having, and will continue to have, a significant negative impact on Western Australia. Having led a delegation to China, Vietnam and Indonesia to try to encourage students to come to Western Australia, I know that they will continue to fly over the top and go straight to Melbourne and Sydney unless we do something significant to stem that flow. The government has talked about sacking 3 000 public servants. That is hardly job creation. The direct and indirect impact of cancelling Roe 8, which was extraordinary, will impact on thousands of jobs. In anyone’s language, the writing on the wall is not positive.

We on this side of the chamber will support a bill that will promote job growth and provide opportunities for Western Australian businesses and Western Australian jobs. As I have said in my contribution this afternoon, the Liberal Party has a proud record in government of instituting a number of policies to do exactly that. We are suffering tough times at the moment. We do not need a cosmetic piece of legislation that does nothing more than window dress. We need some actions and, at this stage, they have not been forthcoming. That is the challenge for the government. I have asked a number of questions to which I would like responses from the minister. Having said that, the Liberal Party will support the bill.

Hon Peter Collier; Hon James Chown; Hon Jacqui Boydell; Hon Colin Holt; Hon Diane Evers; Hon Colin Tincknell; Hon Alannah MacTiernan

HON JIM CHOWN (Agricultural) [2.49 pm]: I am happy to address the second reading of the Western Australian Jobs Bill. As a member of this house, I find it difficult to comprehend the lack of substance in this bill, other than the headline—Western Australian Jobs Bill. I am sure there would not be one person in this house who does not support jobs for Western Australians. The mantra in the community is jobs for Western Australians. That has been an idealistic and at times a real outcome for the government and for Western Australians. However, the explanatory memorandum on the bill states the opposite. It is almost a misrepresentation. We could almost call this the “Barry Urban Bill”. The explanatory memorandum states —

As the State is a party to the *Australia and New Zealand Government Procurement Agreement*, the meaning of ‘local industry’ is intended to be consistent with the commitments of the State under that Agreement.

Hon Peter Collier is absolutely correct. If the government wanted to have some credibility, it would have called the bill “The Australian and New Zealand Jobs Bill 2017”. That would be more correct than calling it the Western Australian Jobs Bill.

I will not take up the time of the house because it has already been stated, but this bill raises more questions than it answers. I hope the Minister for Regional Development in her reply will give some definitive answers to the questions that have been raised by Hon Peter Collier and to the questions that I will be raising.

It is not clear from the bill and the explanatory memorandum how small to medium-sized enterprises in Western Australia will benefit from this bill. The bill seeks to implement a Western Australian industry participation strategy. However, there are no guidelines in the bill about the grounds on which procurement decisions will be made. That is pretty fundamental. I presume that will be prescribed by way of regulations. I hope the minister in her reply will outline what will be prescribed in those regulations. The bill does not have a lot of substance with regard to regulations. It is just full of motherhood statements. That is all good news, but it will achieve absolutely nothing once the bill is given royal assent. The title of the bill—Western Australian Jobs Bill—is nothing but a headline put out by a Premier. If the Labor Party had gone to the election and said that it was going to create 40 000 jobs, maybe this bill would be the first step. I would like to know how that will be achieved by the passage of this bill in this place.

The explanatory memorandum states that the bill will give local industry, in particular small or medium enterprises, a full, fair and reasonable opportunity to compete against foreign suppliers of goods or services. However, does that not already exist in this state; and, if it does not, why not? A Buy Local policy was implemented in this state in 2004, and again in 2012 and 2015. That Buy Local policy is administered by the Department of Finance, which is now part of the Department of Treasury. The Buy Local policy states that this state is required to comply with commonwealth trade agreements. Those trade agreements are with countries like the United States, Japan and Chile. Some of the restrictions outlined in those agreements apply to expenditure above \$80 000. Those agreements vary, and I will not go through them, but they need to be taken into account when we put forward a bill such as this. After all, Western Australia is not an island by itself—it is part of the Commonwealth of Australia.

Hon Alannah MacTiernan: Member, did you have local content provisions when you were in government?

Hon JIM CHOWN: Of course we did. That is part of the agreement I have just referred to—the Buy Local policy.

The bill provides that the minister who is responsible for the bill is required to report to Parliament at the end of 12 months on the effectiveness of the bill. What guidelines will be imposed for that report to Parliament? Will the minister be able to just say, “In the last financial year, we have created X number of jobs”? What criteria will that be measured against? This state’s economy has been pretty stagnant for the last couple of years. It is now showing some green shoots of growth. Will the minister be able to put forward some figures compared with the previous financial year, pat himself or herself on the chest and say these are the government’s achievements? The bill does not state what the comparison will be. From my perspective, this bill is seriously wanting. This bill will certainly be supported by the Liberal Party, as stated by my leader, because to do anything else would be against Western Australian jobs, and that is what we are here for.

However, in putting this bill forward, a responsible minister and a responsible government should be able to comprehensively answer the questions raised by both speakers from this side of the house. Titling a bill the Western Australian Jobs Bill, when it very clearly is not, is a very serious matter. I would love the minister to prove me wrong here, for the very reasons I have already stated. I need some indication of why it is titled the Western Australian Jobs Bill, as opposed to the Australia and New Zealand jobs bill, as stated in the explanatory memorandum. Australia is a signatory to the Australia and New Zealand Government Procurement Agreement, the Australia–United States Free Trade Agreement, the Australia–Chile Free Trade Agreement, the Korea–Australia Free Trade Agreement, and the Japan–Australia Economic Partnership Agreement. Perhaps the minister can give a response on how this bill will interact with those agreements at a commonwealth and state level, and how it will enhance job prospects for Western Australians.

Hon Peter Collier; Hon James Chown; Hon Jacqui Boyde; Hon Colin Holt; Hon Diane Evers; Hon Colin Tincknell; Hon Alannah MacTiernan

This bill contains a lot of motherhood statements, as the Leader of the Opposition has stated, but there is no explanation and no detail. If the minister can give us a bit more detail so we can comprehend what this bill is trying to achieve, other than headlines, we would be thankful for that. I assume that the minister can do so. I assume her advisers are working on it. Otherwise, this bill is an absolute mockery of its title. If the minister cannot substantiate some of the questions that have been asked, I am sure the professionals who draft this legislation would feel very insecure in their jobs. Insecure is probably the wrong word—they would be unsatisfied with putting forward legislation such as this. I look forward to the minister's response, and that is all I have to say on the matter. As I said before, and it is worth repeating, I have never seen a bill come forward with so much rhetoric and so little substance, on a matter of such seriousness for our economy.

HON JACQUI BOYDELL (Mining and Pastoral — Deputy Leader of the National Party) [2.57 pm]: I rise today to make a contribution to the debate on the Western Australian Jobs Bill 2017, which has already created quite a deal of discussion in the house about how it helps to deliver jobs for Western Australians. A lot of issues have been highlighted by members this afternoon. I seek to add some areas in which we seek some clarification from the minister on how this bill actually delivers to the people on the ground. The bill seems to have a framework, but not much else attached to it. It is great to have motherhood statements and in-principle ideas, and all members would support more jobs for Western Australians. That is a bit of a no-brainer, I would have thought. The issue is how this bill, with the urgency of its debate over the next two days, will actually deliver that on the ground. I am certainly not sure of that, and I think the people of Western Australia will definitely be not sure, because there does not seem to be any substance to the legislation. The legislation requires substance to be beneficial and valuable to industry, and a small to medium business in particular. I am struggling to understand how this bill delivers that, and also the urgency of the bill.

The purpose of the bill is stated in the title. It is to use the state government procurement process to enhance local industry participation on government projects. There is no issue there; every government should have that as a key performance indicator in its standards of operation, and should have local procurement and participation plans on government projects within its authority to operate.

If a state government, or any government, did not agree that there were benefits to the community by having local procurement procedures and did not already do that in its general day-to-day operational business, it would be a really serious problem. The government is suggesting that we need a bill with the purpose of delivering jobs through government procurement processes, but I still do not know how it intends to do that, although I absolutely agree with the principle—nobody's arguing with that. I would like to see the detail of how the government intends for that to occur. From what I can see in the bill there is no direction from government yet for this Parliament to consider. Indeed, I do not see any intention from the government of bringing any participation plans or decisions of the minister into the house. The scrutiny of how this bill will deliver Western Australia jobs on the ground is going to be difficult for this Parliament to achieve and, indeed, it will be difficult to make any changes to regulations that are not working, particularly in regional areas. Buy local campaigns are very complex. I do not doubt at all that every member of this house agrees with a buy local campaign, but delivering one on the ground is quite complex.

Under the previous government's Building Local Industry policy, all government-funded projects or contracts worth over \$20 million with capital equipment of over \$1 million required industry participation plans. The government's intention was very clear when delivering those government procurement processes. The main difference between the two policies is that now the thresholds are much smaller; although we have not seen the thresholds, we believe they will be smaller. The policies also legislate on mandated reporting requirements.

The Nationals support this legislation; however, we will raise some concerns this afternoon about its operation and how it will be applied. One of the biggest issues I had when looking at this bill was the lack of detail. We are all obviously aware that the bill forms part of the Labor government's election platform of a plan for jobs. Labor campaigned to put Western Australian jobs first when it got to government; that is a promise that this government made. However, the issues lie in the details of how the government will achieve that platform for jobs. The issue is that the heart and soul of this bill lacks the detail of how things will be achieved. We have not yet seen how small the thresholds will be. There are no criteria set out on what sized projects will require a WA industry plan. There is no detail on targets and no criteria set on what kind of project will be deemed strategic. There is also no liability for failing to fulfil those obligations. They are the areas that I would like the minister to address during the reply to the second reading debate, because that will make members of the house more comfortable of where we are heading with this bill and it will make the priorities of this government's buy local and procurement procedures and how the framework of this legislation aims to achieve them clearer to the Western Australian public. At the end of the day, this is not clear. Ministers will be able to determine which projects are strategic projects. The criteria for a strategic project will be covered in the regulations, which have not yet been created. That is a real problem because we do not know how that will be delivered and we have no idea what the intent of

the regulations will deliver. That is a real concern for Western Australians, particularly small to medium enterprises, because they do not know the playing field in which this government is asking them to operate.

Mr Deputy President, were you indicating to me?

The DEPUTY PRESIDENT: Member, I regret that the audio is playing up a bit and that is denying us a chance to hear you. Hon Martin Aldridge, can you just hit the mute on your microphone?

Hon Martin Aldridge: It is coming from up the back, Mr Deputy President.

The DEPUTY PRESIDENT: Hopefully, our friends in the audiovisual unit will be able to do something to ameliorate that feedback or we could send one of the assistants to deal with the noise in the background. Fortunately, Hon Jacqui Boyde, you have unlimited time, so forgive me for the interruption, but it is back to you on the question that the bill be read a second time.

Hon JACQUI BOYDE: Thank you, Mr Deputy President; that is no problem at all. The system needs to be operational.

As I was saying, the bill will require businesses to create participation plans, but there is no criteria on what sized project will require one. At this point, industry is a little bit in the dark about whether that will be an extra burden, an extra cost potentially, and whether business models will need to be created to be presented to government for government projects. That needs to be clarified as soon as possible because people in industry seeking to work with government and on government procurement projects need to know this information, I would have thought, if we are going to pass the bill through this house. We are passing legislation that delivers an operational environment in which industry has no clue about the government's intention other than passing this bill. That is an odd situation to be in, I would have thought.

The minister may also exempt a business from creating a participation plan. That exemption will need to be published on a website, but there is no detail about why this would occur and why the minister would make that decision. Indeed, there are no criteria detailing how the minister would come to that decision. The requirement to publish that only on a website eludes the scrutiny of this Parliament. In the interest of businesses in Western Australia and for people seeking jobs on government projects, I am not sure how we can suggest that this bill will achieve that if there is no clarity around how the minister can give an exemption from having a participation plan. If the minister does give an exemption, they will just put it on the website and people will have to follow the minister's decisions and the Parliament will have no oversight or scrutiny of why the minister made that decision in the first place. There seems to be no criteria detailing how the minister would come to that decision. If that can be clarified during this debate, I would be entirely happy with that.

Another issue about local jobs and local procurement has been raised with me. The general public on the ground would consider local procurement to be a local business in Port Hedland that went through the government procurement process seeking to deliver on a government project. However, that is not the case because due to the Australia and New Zealand Government Procurement Agreement, "local" includes New Zealand. Local industry is defined as —

... suppliers of goods produced, or services provided, in Western Australia, another State, a Territory or New Zealand;

We need some clarity on how that clause will affect the ongoing government procurement processes in Western Australia and how the government intends to work with that trade agreement.

As I alluded to earlier, there is no consequence for failing to fulfil those obligations, so how can we ensure local participation if the government is not accountable for it? During the second reading debate, I would like government members to address what will happen if it fails to deliver on the industry participation plans.

I reiterate that without the detail, it is hard to see the full benefits, if any, of this legislation or whether these changes will go the opposite way of creating more red tape, which would not benefit anyone, especially small businesses. As an unintended consequence, local businesses could be crippled by more red tape, especially if Parliament cannot scrutinise the decisions made through the procurement processes. I am concerned about that because there is a lot of discussion about red tape and government procurement processes, and how difficult it is already for local suppliers to get into the chain of government procurement. I am not sure, because it is not clear in the bill—I welcome clarity from the government on this issue—but I am concerned that we may be creating a rod for our own back with this local procurement process. We do not want any unintended consequences in this legislation of adding more red tape to small to medium-sized businesses. I hope the government will address that. As I said before, the details of this bill will follow in regulations but, in the meantime, we are debating the bill today that essentially lacks the detail for debate. I would suggest the debate is a little hollow because there is not much to work with.

Hon Peter Collier; Hon James Chown; Hon Jacqui Boydell; Hon Colin Holt; Hon Diane Evers; Hon Colin Tincknell; Hon Alannah MacTiernan

I will move on to a couple of points that deal particularly with regional Western Australia and royalties for regions. During the second reading debate on this bill in the other place, the Premier said, I quote —

Thresholds will be set, below which participation plans will not be required. There will be lower thresholds for regional areas, where procurement opportunities or contracts are often less, so the threshold may be less in regional areas to ensure that regional businesses get a better opportunity for the contracts on offer.

That is great, but we do not know what the thresholds are. Without knowing what they are, I cannot make a determination about whether it will benefit regional areas. I would like some clarity on that. I think members of the house deserve some clarity on that. I want answers to questions from people in my electorate on that. I cannot give them answers at this point in time.

Apparently, the Western Australian Jobs Bill 2017 is purely a framework for creating a jobs plan. I guess that is the underlying principal reason the Nationals will support the bill. This is a complex area and I applaud the government for giving it a crack, but I am just not sure we are at the point of definitely determining that this bill will make the bottom line change in Western Australia of creating more jobs, particularly in regional areas; obviously that is a big concern for the National Party. That is probably why we support the bill in principle, but I am still quite concerned about a lot of the detail.

The cuts to royalties for regions in the very first budget of this government will have a far greater impact on regional jobs in Western Australia than this bill will ever create. My underlying concern is the cuts to royalties for regions and opportunities presented by projects that were underway and creating jobs in regional areas that will now not happen. Apparently, this bill that has no framework, thresholds, participation plans or idea of regulation will create jobs.

I will allude to a couple of projects that were cut from royalties for regions that would have created jobs. There have been cuts to aged-care projects that would have created construction jobs. Water for Food was a program that had several different aspects, one of which was a commitment of \$11.5 million to increase regional groundwater investigations. That was so very important to agricultural development, particularly in the mining and pastoral areas. That was about increasing available data for businesses in regional Western Australia, and for communities to better plan around potential opportunities for starting businesses and accessing that whether it was a pastoral industry, agricultural business or a start-up community-based business in a regional community. That is a very big concern, particularly for my electorate areas of the Pilbara, the Kimberley and the Gascoyne. Those programs were about creating jobs. They were real and tangible and people could touch and feel and be involved in them, and earn a living from them. They have been cut. There was also the Laverton Hospital project. I could go on, but I am aware other members want to contribute to the debate on this bill. This bill will apparently plug the hole left by that. I look forward to understanding how the government intends this bill to deliver, whereas projects through royalties for regions did not.

I have stated that the bill refers to local industry. By “local” we mean local; we do not mean in New South Wales or Melbourne. I do not think people on the ground in Perth or regional areas consider when putting up a business model to government for a tender process that they will even be in competition with anyone from Sydney or Melbourne or anything like that. I think we need some clarity around that. There is also no mention of the opportunity for Aboriginal businesses, and the bill’s ability to create Aboriginal employment in regional areas. I do not see how this bill will deliver on that or indeed even contribute in any aspect. I think that is a bit disappointing.

In closing, for a government that has said it was all about Western Australian jobs, royalties for regions has been raided and money that would have been invested in regional WA and supported businesses and created jobs in regional areas is no longer available. This government sought to introduce a gold tax, not once but twice, which would have cost jobs in the goldfields in particular. Actually, just quietly, the Premier, who was in Kalgoorlie the other day and has more front than Myer, as does the Minister for Regional Development, threatened the people of Kalgoorlie that they are not going to have any jobs because, “By the way we did not get the gold tax through, so now you are going to suffer.”

Hon Alannah MacTiernan: Sorry, who threatened that?

Hon JACQUI BOYDELL: I just said it, minister. Listen to me if you are actually going to be in the chamber. Several members interjected.

Hon JACQUI BOYDELL: If you want to be in the chamber and contribute to the debate, then actually listen. I am sorry, but other members of the house listen to people when they contribute.

Hon Alannah MacTiernan interjected.

The ACTING PRESIDENT (Hon Laurie Graham): Minister, Hon Jacqui Boydell has the call.

Hon Peter Collier; Hon James Chown; Hon Jacqui Boyde; Hon Colin Holt; Hon Diane Evers; Hon Colin Tincknell; Hon Alannah MacTiernan

Hon JACQUI BOYDELL: Thank you, Mr Acting President. The Premier —

Hon Alannah MacTiernan: Stressed out by the job. I just asked you who said it.

Hon JACQUI BOYDELL: You are unbelievable!

The ACTING PRESIDENT: Minister!

Hon Alannah MacTiernan interjected.

Hon JACQUI BOYDELL: You are really unbelievable. Are you finished?

Hon Sue Ellery: That was unnecessary. I am not.

Hon JACQUI BOYDELL: Leader of the House, I am on my feet. If you want to make a contribution, stand up after me.

Hon Sue Ellery: If the Chair wants to shut me up, he will. I am saying to you that that was unnecessary.

Hon JACQUI BOYDELL: That is your opinion and you are entitled to it. It is not mine.

The ACTING PRESIDENT: Members! Hon Jacqui Boyde has the call. Can we return to the debate.

Hon JACQUI BOYDELL: It is juvenile for the Premier to suggest to the people of Kalgoorlie that they are going to feel his wrath because we did not pass the gold tax. It is very short-sighted for a Premier of Western Australia to threaten residents of Kalgoorlie that they will be at his wrath and not receive funding for projects in Kalgoorlie because he did not get the gold tax through. But he will continue to deliver on railcars for “Metrodebt” in the metropolitan area. It is low grade for a Premier to do that and as a resident of Western Australia, I expect more from the Premier of Western Australia.

If this government is about creating jobs, the other pending decision is the mineral resources project at the Helena and Aurora Ranges, which would create 425 jobs. The minister needs to consider the Environmental Protection Authority in her decision and I also encourage the minister to consider the social and cultural benefits in delivering that project. I hope that the government does deliver that, because that is about creating jobs. I am not sure that this bill is going to deliver that, because there is simply no detail in the bill. Is the government and its agencies looking for ways to ensure regional WA does not miss out? I look forward to the content of this bill, particularly in relation to regional WA to see whether any specific requirements are made for regional Western Australia to benefit from. Without the details it is hard to say whether this legislation will enhance local industry participation in government projects. We need to ensure that it is reviewed to assess its effectiveness once the regulations are created. I look forward to seeing those regulations because, as I said at the outset, I agree in principle with this bill but I am a little disappointed that there is no detail in the bill so that we can effectively assess whether it is going to make any difference.

HON COLIN HOLT (South West) [3.24 pm]: I want to reiterate some of the points that have already been made in the contributions so far and to indicate my support for the Western Australian Jobs Bill 2017. My support is based on the synopsis of the bill, which states —

The purpose of this Bill is to use the State Government procurement process to enhance local industry participation in the supply of goods and services to or for agencies or the State, with a particular focus on benefits to small and medium enterprises.

Who would not support that? The aim of the bill is great. In the past, plenty of governments of all persuasions have strived to increase local content in the delivery of state-led projects. I am not sure how this bill will do that. The second reading speech raises more questions about the bill than it answers. The responding minister will probably not be able to answer many of the questions raised about the lack of detail in the second reading speech except to probably say the answers will be in the strategy or in the regulations. I am sure that that will be in some of the answers we get. Everyone should be able to say that the purpose of the bill is an aim we should all strive for in government in Western Australia. As I said, most governments have had a crack at it.

I remember having to deal with the head contractor model when I was the Minister for Housing. There was plenty of criticism that the head contractor model did not deliver at a local level. It was before my time, but when the Department of Housing changed from a local contract procurement regime to a head contractor model, a lot of people said, “We used to do this work at a local level and now we’re not.” The information I got from the Housing Authority at the time was that we got better value for our money and better maintenance, procurement and supply outcomes with the head contractor model. Of course, the local contractors who were previously doing all the work were missing out on it. The challenge is balancing value for money and getting the job done with allowing local contractors to have a piece of the action. I am absolutely on the side that says that government can play a role in supporting regional development through spending. There were plenty of challenges in that space.

Hon Peter Collier; Hon James Chown; Hon Jacqui Boyde; Hon Colin Holt; Hon Diane Evers; Hon Colin Tincknell; Hon Alannah MacTiernan

Every government has tried to grapple with this, with varying success. This bill is the new government's attempt to have a crack at getting the balance right between local procurement and value for money. Local procurement and the question of what is local has been discussed already in contributions to the house. Clause 3 of the bill states, in part —

local industry means suppliers of goods produced, or services provided, in Western Australia, another State, a Territory or New Zealand;

We understand why that is so. That is this bill's great challenge, and the delivery of services through local contractors and agencies. Looking at what that means, it obviously refers to two things. Section 92 of the commonwealth Constitution states —

Trade within the Commonwealth to be free

On the imposition of uniform duties of customs, trade, commerce, and intercourse among the States, whether by means of internal carriage or ocean navigation, shall be absolutely free.

It also covers the potential of any treaties that the state is bound by, the most obvious being the Australia and New Zealand Government Procurement Agreement, which states —

The objective of the ANZ Government Procurement Agreement is to create and maintain a single ANZ government procurement market in order to maximise opportunities for competitive ANZ suppliers and reduce costs of doing business for both government and industry. This will be achieved by:

- ensuring the opportunity exists for ANZ suppliers to compete on an equal and transparent basis for government contracts in the Commonwealth of Australia Government, Australian states and Territories, and New Zealand Government;
- ensuring the absence of inter-state and trans-Tasman application of preference schemes and other forms of discrimination in government procurement, based on the place of origin of goods and services;

I understand why we signed that agreement; it gives us opportunities to provide goods and services in New Zealand. But under the same auspices, we have to deal with the potential that businesses in New Zealand and the other Australian states will compete with Western Australian local businesses to deliver goods and services. I have a question for the minister: are there any conflicts in the bill that address that? I refer again to clause 3 of the bill, which in part, reads —

Local industry means suppliers of goods produced, or services provided, in Western Australia, another state, a Territory or New Zealand;

Clause 7 refers to the Western Australian industry participation strategy objectives, and reads —

In developing, amending or replacing the WAIPS, the minister must have regard to the following objectives —

- (a) promoting the diversification and growth of the Western Australian economy by targeting supply opportunities for local industry;

That is a conflict that exists in the bill as it is drafted, and I wonder whether the minister can provide some insight into that. Clause 7(d) reads —

Promoting increased apprenticeship, training and job opportunities in Western Australia;

There may well be a conflict in that if we have to continue to consider our treaties and section 92. We need an explanation in the bill about how that will be managed and if there will be a conflict in developing the Western Australian industry participation strategy, which will deliver for Western Australians, keeping in mind our procurement requirements, the Constitution and international treaties. It is a big question that has been asked in not only this place but also the other place when it debated this bill.

The bill also sets out three major steps for an agency in the course of the procurement process for relevant suppliers. Firstly, the agency must require each prospective supplier to submit a participation plan. The participation plan must outline the commitments of the prospective supplier in relation to the participation by local industry in the supply. Again, small and medium enterprises will be the focus. The matters to be addressed by prospective suppliers in the participation plan will be set out in the strategy. Secondly, when evaluating a supplier's offer to supply, the agency must assess and consider the supplier's participation plan. This will need to be done in accordance with the strategy. Thirdly, the agency must incorporate the successful supplier's participation plan commitment in any contracts awarded. The agency must also include a requirement in any contract awarded for

reports to be given to the agency on the fulfilment of the commitments. Both of these requirements will need to be carried out in accordance with the strategy. There is continual reference to the strategy and how it will assess the tenders and their participation plan in terms of what is the best outcome for Western Australia, and that is the whole problem with the bill. The government has some ideas, but no-one has seen the detail. That is a real challenge for this house. It is very unusual that we are being asked to pass a bill that has not been developed. It is difficult from a member of Parliament's viewpoint to comment on it, and that is the challenge for the minister responding. I am pretty sure that the strategy has not been developed. No-one has seen it and maybe work on it has not started. Yet we are going to ask the minister questions about how that will be delivered. I have some questions for the minister about the second reading speech. The minister said —

The minister responsible for the bill will also have the power to make determinations regarding “strategic projects”. This will relate to supplies that meet prescribed criteria and that the minister considers to be of strategic significance to the state's economy.

On prescribed criteria, maybe we are far enough down the track that we could get an indication from the minister about what strategic projects would be and what criteria would be used by each of the ministers who would have to decide whether a project under their portfolios is a strategic project. What will those criteria be? Otherwise, we will have to wait for the regulations to come out. At this stage of debate on this bill, some thought must have been given about that by the government and it must have some idea about how it will outline what those criteria will be, because they will form the basis of how ministers make decisions about the projects under their watch and whether they are strategic projects. I think it would be useful for that to be known by this house, by many of the potential contractors out there and by government ministers.

Moving on to another part of the second reading speech, I note —

... the government is committed to openness and transparency, the strategy will be a publicly available document.

That is a nice commitment. This government often talks about openness and accountability, and it is good to see that it is going to put those values into this bill. I refer to part 5 “Reporting” and clause 19, “Minister to report on implementation of Act and WAIPS”, which states —

- (1) After the end of each financial year the Minister must prepare a report on the implementation of this Act and the WAIPS in the financial year.
- (2) The Minister must cause the report to be laid before each House of Parliament, or dealt with under section 21, before 30 November next following the end of the financial year to which the report relates.

Clause 21 lays out the procedure for how the report will be laid before each House of Parliament if Parliament is not sitting. That is a great idea because we will get to see what each of the industry participation strategies are. But I have a question about that. I have a potential amendment on the supplementary notice paper to clause 15, which refers to exemptions. Although clause 19 refers to what the government will do, clause 15 refers to what it will not do; these are the exceptions that can be made by the minister. Clause 15 states —

- (1) The Minister may, in writing given to the procurement agency for a WAIPS supply, exempt the procurement agency from the obligation in section 12(1).

Clause 12(1) is the requirement for a participation plan. Clause 15 continues —

- (2) The Minister may, in writing given to the procurement agency for a WAIPS supply, amend or revoke an exemption.
- (3) The procurement agency for a WAIPS supply must publish on a website maintained by or on behalf of the agency —
 - (a) notice of an exemption given to the agency; and
 - (b) if the exemption is amended or revoked, notice of the amendment or revocation.

On one hand, we have openness and accountability—the WAIPS report will be laid before Parliament—and on the other hand, we have exemptions that will have to be published on a website. We have talked about openness and accountability in this house before. Why would that not be presented to Parliament in the same way as outlined in clause 19? Really, that raises questions about whether the minister would have to give a reason for the exemption or the reasons to amend or revoke an exemption.

That is also in the spirit of open and accountable government, and that should be reported to Parliament. We have taken a leap of faith with this legislation and said that we will give it a go, because it will all be prescribed in the

industry participation strategy and regulations. How about the minister tells us why some agencies are exempted from the requirements, but that does not need to be reported on? I would like to take this a little step further to where it refers to delegation. This is clause 16, for members who are following —

- (1) The Minister may delegate the powers in section 15(1) and (2) to the chief executive officer of the Department.

The minister may say that he is going to delegate authority and a CEO can exempt his or her own agency. That is how it reads to me. I am interested to know how the minister interprets that. The minister can delegate to the CEO, who could exempt his or her own agency from this procurement participation plan. Clause 16 continues —

- (2) A delegation must be in writing signed by the Minister.
- (3) A delegation may authorise the chief executive officer of the Department to further delegate the powers to another officer of the Department in accordance with any conditions specified in the delegation.
- (4) A person exercising a power that has been delegated to the person under, or as authorised under, this section is taken to do so in accordance with the terms of the delegation unless the contrary is shown.

The minister can delegate to a CEO of a department to decide whether it is exempt. He can delegate further down the line to exempt the agency. I would really like to know whether that is right and whether I have interpreted it correctly. That is my interpretation; and, if that is the case, we absolutely need to amend clause 15(1), which provides that the agency publishes notice of an exemption on only its website, to make sure that those decisions come all the way back to Parliament. We should amend clause 15(3) to ensure that those decisions come before Parliament, because this bill allows that delegation. If we pass clause 16, we will allow the delegation. They have only to report on a website. I guess what form that takes will be in regulations or in the strategy. We do not know any of that. Some indication and assurances from the minister would certainly go a long way. As I said, I have put an amendment on the supplementary notice paper to amend clause 15(3) to ensure that those ideas come back to Parliament. I think that is a sensible approach for a bill with very little detail. At least we can ask for the exemptions to come back to Parliament and make some suggestions about how to improve plans to ensure that WA jobs continue to be at the forefront of any government spending.

I would also like to raise the issue of compliance and penalties. Again, I do not see anything in the bill that refers to that, so there is no penalty for someone who submits a supply participation plan and then strays outside those parameters or fails to deliver on that plan. Again, I guess that that will be in the strategy and the regulations. What are the compliance and penalties for agencies who operate outside their own industry participation strategies? By extension, the minister needs to be accountable for some of those actions. I think the bigger question is: who is checking that? Who is following it up? This bill does not provide that. Obviously, again, it will come out in the strategy and the regulations. Who will check on those suppliers?

I guess it is the agency that procures that and it will be under some sort of contract arrangement; I do not know. Nothing is written in the Western Australian Jobs Bill 2017 for us to know that. Again, we need some clarification from the minister about how these things are going to be checked, how people will stick to the parameters outlined in the suppliers' participation plan and if, indeed, there will be any penalty if they stray outside that. I also wonder how the delegated authority will be checked. Once the minister signs off on delegated authority to make exemptions or whatever else it might be, how will that be checked on?

Finally, I return to the second reading speech as delivered in this place. It states —

Support will also be provided to industry to assist in the implementation of the legislation. Helping industry to identify opportunities to increase local industry participation will be a key aspect.

Absolutely; we know the government will have to work hard to help our suppliers participate. It continues —

Assisting small and medium-sized enterprises to mitigate any red-tape burden is also a key priority for government. This may include identifying opportunities to compete for work and in developing participation plans.

“Assisting small and medium-sized enterprises to mitigate any red-tape burden is also a key priority for government.” How is that going to be done? How is the government going to support industry to participate in procurement processes under this legislation? It is a key priority of government, as quoted in the second reading speech. I cannot accept the government saying, “Oh, it’ll be in the strategy; it’ll be in the regulations”; the government must have some idea about how it is going to support suppliers who tender for procurement, because it is claimed in the second reading speech that it is going to. I am not sure that there is any reference in the bill to support; I guess that will be in the regulations, but the government must have had some idea before it brought this

bill into this place about how it is going to support small businesses. There should at least be some indication from the minister about how the government is going to do that.

I think this is a very shallow shell of a bill. It refers a lot to developing the detail in regulations and the industry participation strategy. I will be happy to support the bill because of its aims. Everyone else has had a go at it, so this government should be allowed to have a go at it as well, but I ask that the minister answer the questions raised by me and every other contributor to this debate to give us some idea and some comfort about the way forward for this legislation once it passes this place. I ask the minister also to answer the specific question about exemptions and how we as a Parliament are going to scrutinise decisions to have an industry participation strategy that, under clause 19, have to come back to Parliament. As a Parliament, we must also ask the government to do the same for exemptions under clause 15 and to have that information laid before Parliament. Really, there are two sides to this: exemptions and having a go. Let us have a go and scrutinise that. If we are going to exempt them, the government has to bring them back to Parliament so we can scrutinise them. To put it on a website is not good enough, in my opinion. I am happy to hear what the minister has to say about addressing some of those concerns and I look forward to getting into some of the detail when we go into Committee of the Whole.

HON DIANE EVERS (South West) [3.48 pm]: Many of my comments will be to repeat what we have already heard here. When I first saw this bill and read through it, I saw that it was called the Western Australian Jobs Bill 2017, but to me it is a procurement bill. There is nothing in here to say, “We’re going to create more jobs out of this”, but that is kind of the intention, I suppose. Really, it is a procurement bill. I was going to say that it cannot hurt, but that is not really enough reason to vote for it. I want to change that to: it is not likely to make the situation worse.

The industry participation strategy is currently in draft form. I heard this when I had the briefing about a month ago. We have asked why this bill is being rushed through now, and I suggest that it is because the government wants to get the bill through before the strategy comes out, because if the strategy were out, we would be able to assess it and see whether it answers all the questions. As I said, the bill is not likely to make the situation worse. It is all about how the program is delivered. Our existing Buy Local policy does not include government trading enterprises, so I am pleased that they will be included in the strategy. We will see how much pressure is put on them to participate.

The bill contains the word “local”, which includes New Zealand. Yes, that is local! I understand that a lot of commitments have to be followed. The strategy is in draft form. Today I had the opportunity to go to the briefing by the Auditor General, who has just released the “Local Content in Government Procurement” report. If members have not seen this report yet, it is worth a look. A lot of points in the report are worth noting. I hope to see the recommendations included in the strategy once it is developed.

One of the points in the report is that currently agencies largely comply with the Buy Local policy when tendering and contracting. That is nice, but they cannot demonstrate its effectiveness. Yes, we are putting it out there that we want local content, but there is nothing to make sure that agencies do so, there is nothing to check that it has been done, and there is nothing to check that the companies that have been hired or engaged to provide the services carry through on the commitments made at the beginning. We do not really have any baseline data. Are we doing this or are we not? It would be interesting to see how much of the \$25 billion we spend each year is spent locally. But, then again, what do we mean by “local”? Is it within a couple of hundred kilometres of the existing issue or is it in WA?

Hon Michael Mischin: New Zealand.

Hon DIANE EVERS: That is right. When we say “local”, it can mean more than what was intended.

Another point made in the Auditor General’s report is that agency monitoring and reporting is not adequate to show whether the Buy Local policy is creating employment and sustaining business activity. That should be taken into account. If this is a jobs bill, it should be able to show that employment in the state has increased. That would be good. The report also highlights that there is little tracking of, and no effective consequences for, companies failing to meet their local content tender commitments. It was mentioned in the chamber earlier that we will have reporting, and that is great. There should be tracking of this, but what will be the consequences? One suggestion that I would put forward is that it should be put into companies’ key performance indicators when they report—how much of it have they done?—so that we can see, and they are measured by, how much local content has been included. We have to make sure that there are some consequences if this is not taken into account. The report also points out that no agency has overall responsibility for ensuring that the policy is complied with and is effective. That is a problem, because everyone has done their own thing and nobody checks on it—maybe it happens; maybe it does not. In this new strategy, I would like this to be monitored somewhere along the line, and not just through the report to Parliament once a year, so that companies engage local, regional and small businesses.

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The report states that the Buy Local policy helps regional businesses compete with metropolitan suppliers, but it goes on to state that the policy does little to help WA companies against interstate and international competition because of other laws, agreements and rules. The reason for that is that, under the current policy, when an international or interstate business tenders for the same thing, the policy no longer stands up, whereas if state businesses are involved in the tender process, the policy is taken into account, so there is some benefit for regional businesses. However, there is nothing to show that these businesses would not have got that business in the first place anyway. There is nothing to show that the Buy Local policy was effective. The definition in the policy of “local” is so broad that companies can qualify as local despite being geographically distant. All a company needs to do is set up a branch in a local area, whether that is an interstate company setting up in Western Australia, or a Perth metropolitan-based company setting up in a regional town. If the intent of the strategy is to increase the amount of work for Western Australian companies, we need to ensure that a company cannot set up a facade of their business in the hope of being given local contracts. There are some words in the second reading speech about how the government wants to help small and regional businesses. However, there is nothing in the bill to say what the government means by that. I hope that will be outlined in the strategy, because my intent is certainly that this bill will help small and regional businesses.

I have said that the bill is not likely to make the current situation worse. I hope that small businesses will not find it too onerous to prepare local participation plans. I hope also that larger businesses will be looked at favourably if they procure products from local small businesses. There will be a lot of challenges. I admire the people who will be putting together the strategy. The strategy will be a very important document if we want the bill to achieve what we intend it to achieve.

The Auditor General’s “Local Content in Government Procurement” report makes four recommendations. The first is that the government review the local content policy and guidelines. That is what the government is doing. The second recommendation is that agencies monitor and report compliance and local content, including employment, to Tenders WA. Most of the companies and businesses that would be applying for this work would be familiar with the Tenders WA website. If they can see that a company has been rewarded because it has local content, that might encourage them to put more local content into their business.

In this bill we are talking about tenders worth over \$750 000. We heard at the briefing that small businesses, especially in regional areas, often have local content because they want to protect their name and do the right thing. It will also work for large projects, such as the stadium. There was a lot of media both in print and online, and therefore a lot of public awareness, about whether the pedestrian bridge would be built overseas or locally. Other large projects that come in below that threshold may win a tender based on local content. However, things may change and the company may find it is cheaper to source some of that content from overseas. The tender might go to a local business, but not all the content is local. I am not saying we are misled, but we cannot go back to each individual item and say that the company broke the terms of the contract because certain items were not purchased locally. The contract is too big to do that.

The third recommendation is that agencies contractually bind suppliers to their local content commitments and manage contracts to reduce the risk of default. We need to keep a close eye on the companies that are given contracts and let them know that there will be consequences if they do not provide what they said they would provide. The fourth recommendation is that Tenders WA record local content information in its searchable database for public access.

That way businesses can go back and check to see whether companies were using local content, and there should be significant penalties if it turns out they were not. If they said they were doing so, even when they said so after the fact, and it turns out they were not, there should be some significant penalties, and we have to make sure that we are able to enforce that.

As I said, it is difficult not having the baseline data. I considered trying to get that put in as an amendment, so that we can first find out where we are so that we can see in the future whether we have done better. I recognise that that would be a long and onerous project, and really would not put us much further ahead. If we are spending \$25 billion a year, maybe we should have some idea of targets. How much of that do we expect to be purchased locally? That is something we need to think about. We want to know, and we want to keep it local. I expect to see significant detail about how small businesses and regional businesses will be integrated into this plan. We cannot increase the participation plans for them, because it will be difficult, and that is not what we are looking for. We are trying to increase the work and the number of small businesses, and increase the number of regional businesses.

As was raised earlier, the notion of strategic projects puts up a little red flag. What do we mean by strategic projects, and what difference will it make? Does it mean that we will demand more local content or less? It is nice to call something a strategic project, because then it is mentioned in the news as such. I assume it will be something like the Perth Stadium, where we are looking at \$1 billion. I would hope that we would be given considerably more

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detail about whom we tender those projects out to. As Hon Colin Holt pointed out, the exemptions leave a bitter taste in my mouth. Why are some projects going to be exempt and others not? Who will decide, and how? What characteristics will be used? If it is something that can only be purchased overseas, it does not really need an exemption if there is no-one here who can do it anyway. That is something I would like answered, and would like to see more detail on.

In summary, speaking for the Greens, we are willing to support this bill even though there is not a lot to it; it is a lot of words. It is a great idea that could turn into something very good, and that is what I am counting on seeing over the coming months as the strategy is developed, printed and released.

HON COLIN TINCKNELL (South West) [4.03 pm]: I want to speak on the Western Australian Jobs Bill 2017. It is quite clear to me that this bill will pass through the house, which is very disappointing, considering what we have just heard from honourable members. There have been so many questions, and so many answers not delivered. I hope the government will answer some of those questions. Having been elected to this place, one of our aims is to be fully informed and make decisions based on merit. It is very hard to see how this bill will deliver. It is called a jobs bill, and it has a great aim, but I do not see how it will deliver. Up to 40 questions have been asked by various members. It is a matter of principle for us. We need to see the strategy behind the bill. The only jobs that I have seen guaranteed by this bill so far are the eight bureaucrats who will definitely be getting jobs.

One of the problems we face is that the reason so many local companies and Australian companies lose business or cannot pick up business is that it is so expensive to operate in this state and in this country. The reasons for that are the things we have talked about many, many times in this house. We talk about creating an environment for local business to operate in a positive way. We need less red tape and less green tape, but, from what I see in this bill, we are adding more red tape, and that is going to make things even harder. It is very hard to scrutinise this bill as there is no real detail. I find it quite hard to understand how anyone can really support this bill without the detail. Although we will hold the government to account, we applaud it for coming up with this idea. However, we need more detail to be able to make an informed decision in this house. We find it very, very hard to support this bill. As I mentioned before, we want to make informed decisions—to debate each bill as it comes through and vote on its merits. As I mentioned before, many local companies miss out on business because of the red and green tape. Many overseas companies do not have the same amount of costs and that is why they are successful in bidding against local and Australian businesses. I believe we are making it harder by not filling in the detail. We need to do more work. The government needs to go away and work harder on this bill, and come back with that detail. I find this bill very hard to support because it is misleading. It does not do the job that it says it is going to do, being a jobs bill. I ask the government to go back to the drawing board and put some substance into this jobs bill. I find it hard to believe that the opposition coalition partners will support this bill, as will the Greens, but the crossbench will not.

HON ALANNAH MacTIERNAN (North Metropolitan — Minister for Regional Development) [4.07 pm] — in reply: I thank members opposite, most of whom have agreed to support this Western Australian Jobs Bill 2017, and I think that is very appropriate. I want to reiterate that we have a real problem in this state. We have a massive debt problem. There is unemployment. It has come down a couple of points since we have been in government, but we clearly have a problem with employment. We clearly do not have the same sort of money to continue to throw around in the way that it was over the term of the previous government. But we have \$25 billion worth of government procurement that we do as a state and we are trying to leverage off that to ensure that we maximise the opportunity to generate employment within this state through the use of that \$25 billion worth of government procurement. I must say that I am particularly surprised that our friends from One Nation will not support that. I would have thought that it was well within the general ambit of One Nation's policy position to be protective of and to support our industry.

Hon Diane Evers has obviously seen the Auditor General's report "Local Content in Government Procurement", which coincidentally was tabled today. It is a report on the effectiveness of existing local content policy. We acknowledge that the existing local content policy was put in place in 2002 under a previous Labor government and has continued in various forms. If anything told members that we needed to make a change and could not just keep on with the existing policy settings, it is this Auditor General's report that came out today. It outlines a whole range of concerns, some of which were raised by Hon Diane Evers before. I think that a couple are worth repeating. One of the principal concerns in the Auditor General's report states —

Inadequate data monitoring and reporting means agencies cannot demonstrate the Buy Local Policy's effectiveness ... data is not reported and collected consistently or regularly enough for reliable analysis.

It goes on to state —

No agency has overall responsibility for ensuring the Policy is applied effectively, complied with, and is effective.

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They are major shortcomings. I have to say that Hon Peter Collier and Hon Colin Holt, both of whom have been ministers, acknowledged that this area is difficult. We acknowledge that it is difficult, but we also acknowledge that we can do better than we have been doing and that there were limits to the local content policy. However, if members opposite wanted to be really honest about their government's performance and its effort, they would acknowledge that their government was sadly wanting. The former government cut the number of people at the State Supply Commission, whose job it was to do this, from 22 people to 2.5 positions, and suspended the board and scaled down the operating instructions for that organisation. Going from 22 to 2.5 positions sent a pretty clear message across the public sector about how important the former government considered this matter.

We recognise that this is a complex and challenging area. We are not saying necessarily that we have all the answers, but we have looked at the failure identified by the Auditor General in his report today and asked who is doing this better and where are they getting better results? We saw that in Victoria and Queensland —

Hon Peter Collier: You didn't respond to our questions.

Hon ALANNAH MacTIERNAN: I am responding. I am framing the answers. Members have expressed concern about the way we have approached this matter and I am explaining how we approached it. We looked at Queensland and Victoria and saw that they had legislated and were achieving some better results. I am quite happy to go through that, but I think it is important to respond to the larger picture before we go into the detail.

I will now go into some of the detail. Hon Peter Collier was surprised that this is a priority of our government, which in turn surprises me that he is surprised, because we made it pretty clear during the election that jobs and driving local procurement was a central platform. In an environment in which we knew we were not going to have heaps of money to throw around, we made local procurement a priority. We are surprised that the member is surprised.

Hon Peter Collier: What are you talking about? I didn't say that at all.

Hon ALANNAH MacTIERNAN: I actually wrote that down. The member said that he was surprised that it was a priority of our government. But we can check *Hansard* and I will pop up and make an apology if I have got that wrong.

The member then complained about the government's stylistic infelicities in the second reading speech. That was of deep concern to the honourable member. He obviously dislikes the modern practice of sentence fragments. The member might be surprised that I share that dislike of sentence fragments, but I think we are fighting a losing battle. I recognise that coming generations, as always, will re-form grammar and I think that we might have lost that battle. I am going through and responding to the serious and not-so-serious issues the member raised.

Hon Peter Collier's next claim was that this was just a stunt and we just wanted to get the legislation through. It is not. It is a really serious attempt at dealing with this problem and recognises that the local content policy that has been in place, particularly given that it did not have a great deal of backing over the last few years, was not enough and we need to do something different. We need a much stronger framework and to ensure that an agency would be responsible for driving this across government, charged with compiling a report that would be tabled every year in Parliament, outlining what, in fact, we have achieved. We do not pretend this is going to be easy. I know personally that trying to turn around the ship of state, get people engaged and change a culture within the public sector to make it very clear that we are serious is not going to be simple. It is going to require an enormous amount of commitment from government to do it. Although we are very keen to get this legislation through now and gazette the regulations, we want to ensure that government trading enterprises are included. That is one of the legislation's shortcomings, which I think we are all well aware of and which the Auditor General mentioned. In this legislation, for the first time, government trading enterprises will be included. There will be expectations upon them that they will need to report to their responsible minister and that information will feed in to the general annual report that we issue to Parliament. We will be judged by members opposite on whether we have performed. We will be judged by the public in the next election on whether we have performed. We have put so much emphasis on this. It is going to be a critical key performance indicator for the government and our agencies. We have made it very clear that this is a central plank for the government in seeking to grow the economy, as well as regional economies, and ensure diversification. This legislation is not a stunt. It is absolutely central to our endeavours to deliver on our election commitments.

A question was raised whether the legislation would apply to contracts that have already been signed. Obviously, we do not have the regulations that state it will not. A lot of questions were asked about penalties. As I said, one insight into how this is being approached is that the participation plans are required before the tender process. That will enable us to look at them and get a detailed understanding of how a particular tender will drive local benefits before that tender is granted. Members have spoken about the definitions that we have been required to use because of the constitutional limitations and various treaties that the federal government has entered into. We do not pretend that they are not issues, but our very strong advice is that notwithstanding those limitations, other states—Victoria

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and Queensland in particular—have been able to use some of the exemptions that are available for local procurement, which is driving the development of small to medium-sized enterprises. In the context of those arrangements, a SME is a business of up to 200 full-time equivalent positions. In Western Australia, that is a fairly sizeable provision. That limitation is imposed upon us and we have to work within it. Other states have managed to work within that limitation far more effectively than we have in Western Australia. We have said that we should try to push the envelope like the other states have, and let us use that government procurement exemption provision to enable us to do this. In any event, the whole notion of the participation plans being presented to us prior to the selection of a participant is that we can see the local value that will be driven. Even if it is not a local company, the participation plan will enable us to forensically determine whether the participant will drive value for our local community. We have been nowhere near as adventurous as other states in using the capabilities that exist, and we want to turn that around. We believe that we can achieve what has been achieved in other states.

I think most members questioned the penalties for companies that do not comply with their industry participation plan. Certainly there is at least a contractual obligation, so depending on the nature of the breach, in theory, it would be possible to enforce or to seek damages if there was a very significant breach of these provisions. The provision that will drive this will be the concern of companies that they will not be considered for subsequent contracts, and that their breach would make it difficult for them to participate in subsequent government procurement. I remind members that the size of this procurement task each year is \$25 billion. This will not be an inconsequential matter. Companies in the business of wanting government procurement will be deeply incentivised by the need to keep their house in order for future contracting opportunities. We really believe that by giving substance to them and entrenching these participation plans within the contract—requiring them to be revealed during the tender phase and then entrenching them in the contract—will actually deal with many of the concerns raised to date by the Auditor General.

A concern has been raised by a number of members about whether the Western Australian Jobs Bill 2017 will increase the amount of red tape and make things more difficult. I have been dealing with this matter with the local regional chambers of commerce and industry, and I have had nothing but pretty solid expressions of support because they are very keen for this to happen. They understand how government procurement is so very important in not only the metropolitan area, but also in the regions. We have engaged with a whole raft of organisations, including the Civil Contractors Federation, the chambers, the Building and Construction Industry Training Fund and the Construction Contractors Association of Western Australia—the list goes on. For the assistance of members, I would be happy to table this list of just some of the people we engaged with as we developed the detail. Fundamentally, the message we are receiving is that they are really enthusiastic. They want more opportunities to participate in local procurement, and the drivers, incentives, portals and facilitation we are putting in for them in tendering, the restructuring of our procurement to make it more manageable in terms of packaging, and the amount of financial assistance is helpful. We have announced two sets of schemes: one to help in the south west with defence procurement, and another with Metronet; there was another round of assistance to local industry to help it engage in the procurement for Metronet. Something we believe has been received well, although we are going to strengthen it even further, is that in every region, a person whose job it is to drive local procurement has been identified. We are now putting that into a more sophisticated framework run across the whole Department of Primary Industries and Regional Development whereby these officers will be supported within clusters. Training is going on to assist them so that they can go out and actively identify the capability within their region and ensure that there is knowledge of all the relevant contracts that are coming up within their region to drive and maximise the opportunity for local firms to participate. Notwithstanding that this will be a requirement for these participation schemes, we are seeing a great deal of enthusiasm from industry for those provisions.

This is a very genuine attempt to try to do this better. We are not going to get it all right at first. There will have to be many iterations. We will be judged by members of Parliament and the community to a very significant extent on how well we have been able to do this, because we put it so front and centre as part of our election commitment. We appreciate the critique. In terms of reporting, I say to Hon Colin Holt that we will not be supporting his amendment. There will be a requirement to report for every agency that is granted an exemption. I will give examples of the sorts of things that we are thinking of as exemptions. Say it is a cleaning contract. Cleaning will not be able to be done other than in the local area. It would be unnecessary to require a participation plan because, by its very nature, that contract has to be delivered locally by people living locally. There will be some exemptions, such as purchasing very sophisticated medical equipment, maybe a magnetic resonance imaging scanner. Mind you, it is not that I want to give up on advanced manufacturing in Australia, but at this point, MRIs are probably not manufactured in Western Australia and it would just add needless cost to the procurement of an MRI to unnecessarily require a participation plan. It is not something we are going to be using lightly, Hon Colin Holt, because as I said, we understand that we will be judged by our ability to drive local participation and procurement, by the jobs that we can grow and the diversification of our economy. We do not have any desire or skin in the game in trying to have backdoor mechanisms. However, I will certainly take the concerns of Hon Peter Collier

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and Hon Colin Holt, who have both raised this issue, to the Premier and we will look at whether there is something more we can put in.

I think Hon Diane Evers asked about the rigour that might exist around what circumstances exemptions can be given. I am certainly happy to take that feedback. Again, I really thank members who have supported this legislation. It is a very genuine attempt on the part of our government to do better and to create local jobs from our government procurement.

Question put and passed.

Bill read a second time.