

LOCAL MANUFACTURING CONTENT — RESOURCE PROJECTS

Motion

HON KATE DOUST (South Metropolitan — Deputy Leader of the Opposition) [10.08 am] — without notice: I move —

That this Council condemns the Barnett government for failing to ensure that local manufacturing workers and businesses share in Western Australia's economic success and in particular the failure of this government's 10-point plan to increase local manufacturing content in resource projects.

This is a very serious issue. It is an issue that we have canvassed in this chamber on a number of occasions. We are in a period of boom in our resource sector in Western Australia. It is Labor's belief that all Western Australian workers should reap the benefit of working in that boom and get their fair share. That is why I raise this motion today. This motion deals with two particular issues. The first is the failure of the government's 10-point plan, which was released in 2010 with a lot of hoopla and a lot of press. The Premier went to Henderson and Kwinana and looked at workshops, and there was a lot of talk about building the capacity for those businesses to tap into contracts and to sustain their employment. But that has not actually been the case.

I note with interest the "Local Content Report" of November 2012 from the Department of Commerce. At page 2 of that report there is reference to the following comment from the Chamber of Commerce and Industry —

Importantly, according to the Chamber of Commerce and Industry in its September 2012 quarterly Business Outlook, there has been resurgence in net local manufacturing employment (13,000) covering the period September 2011 to September 2012, which contrasts with national trends.

I met last week with a group of workers from the Australian Marine Complex at Henderson and they talked to me about their concerns about employment in that area. Over the last 12 to 18 months, I and a number of other members on my side have met on a number of occasions with employers in the Kwinana and Henderson area. On each of those occasions they have talked to us about the problems they are facing in trying to get work in the resource sector here in Western Australia and in trying to maintain their employment. At each of those meetings, each of those companies listed for us the number of staff that they would have to dismiss from their workplaces over either the next few weeks at that point in time or the next couple of months.

In January of this year, the then Minister for Commerce, Hon Simon O'Brien, was quoted in the *Sound Telegraph* as follows —

Mr O'Brien said thousands of jobs had been created since the framework was introduced in 2011 and the announcement of a Perth-based company winning a multi-million dollar contract for the Chevron-operated Wheatstone Project. Mr O'Brien said he welcomed any initiative to boost local content, but said many contractors already had an impressive record.

I congratulate Hon Simon O'Brien, because I know that he was really keen to make sure that employers and workers, particularly in the South Metropolitan Region, do have work and work into the future. But the advice that I have been given from the meetings that I have had, and the statistics that were provided to me yesterday by the Australian Manufacturing Workers' Union about the number of jobs that have been lost and the number of businesses that have closed in recent times in the Henderson-Kwinana strip, are cause for great concern. It also creates some confusion about the stats that are provided in the "Local Content Report" of November 2012. According to the list that I have been given by the union, currently in voluntary administration are the companies West Coast Sheds and ProMet Engineers, and I understand that a few more companies are trying to trade out. Companies that have closed in the financial year 2012-13 are Steelwise, with the loss of 12 jobs; Desert Plains Mobile Accommodation, with the loss of 35 jobs; Ingal EPS Maddington; Orrcon, Bunbury branch, with the loss of four jobs; BTM Kwinana, with the loss of 12 jobs; Tubend Industries, with the loss of 30 jobs; Kadan Engineering, with the loss of 20 jobs; Southern Cross Constructions, with the loss of 39 jobs; Lowrie Constructions, with the loss of 50 jobs; G & S Fabrications, with the loss of 30 jobs; Rinaldi; Starr Structures, with the loss of 15 jobs; Transfield Services, with the loss of 10 jobs; and Cape TCC, which closed its industrial painting shop in Kwinana in April 2013. In the financial year 2011-12, Wastemaster closed, with the loss of 30 jobs; Sabre closed, with the loss of 50 jobs; G & G Steelworks closed, with the loss of 80 jobs; Boundaries WA closed; Weldtronics Henderson closed at the end of 2011; and Profab closed its workshop in 2011. There have been staff cutbacks at a range of companies, including at engineering contractors Fast, Fluor, Hatch, SKM and GHD, and the union estimates that more than 4 000 contractors have lost their jobs in those areas.

That is a serious concern for us. The government was very excited about its 10-point plan. But the number of jobs losses is substantial, and that raises great concerns. So, we put to the government that obviously the 10-point

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plan has not worked. It has not been effective, and it has not delivered the outcomes for the employers and workers in that area.

When I met with these workers last week, they talked to me about their concerns. This particular group of workers comprises about 600 workers at Henderson. About 200 of those workers had been given their jobs on the basis that they would be trained and sent to Barrow Island. But that has not happened. Those workers are being kept at Henderson, and the companies involved are still employing workers from the eastern states, predominantly Queensland and New South Wales, and flying them in. These workers talked to me about the complicated process they have to go through to get these jobs. The union wrote to Hon Michael Mischin, the Minister for Commerce, on 26 April, outlining their concerns for this group of workers in Henderson. The union has not yet had a response, so it has asked me to raise this matter on behalf of its members who work in Henderson. I have said that I would table today the 150 letters signed by these workers in Henderson outlining their concerns about the decisions that have been made and the difficulty they have in getting the work that they were employed to do. I will table those 150 letters. I also have a set of those letters to give to the minister so that he can read those letters and hopefully respond to those workers and outline to them what this government will do to ensure that people who are working in our industries in Western Australia receive the benefits of the boom and have the capacity to enjoy ongoing employment, and to ensure that employment opportunities are opened up for young people in the area of traineeships and apprenticeships.

I will now read into *Hansard* a letter that was signed by one of these workers so that members in this chamber get a feel for what these people have to deal with, and, hopefully, we will get a response from the government. This letter states —

I —

There is then the name and address of the person who wrote the letter —

wish to inform you of the increasingly uncertain employment situation facing local manufacturing and construction workers on major resource projects within Western Australia.

Over the last 3 months I have seen major construction projects such as Binningup desalination plant and Karara mine site completed. Downer's fabrication facility in Kwinana recently downsized and will close their site completely on the 26th of this month, citing lack of work. Between the closure of this workshop and the completion of these two major construction projects, we now have hundreds of local workers seeking employment in their respective trades.

At the same time, Western Australia is in the enviable position of having several major resources construction projects underway, with work taking place in Henderson and on Barrow Island right now. It should follow that displaced construction workers should be confident of their ongoing employment in the industry for the next 12–18 months. (Incidentally, Chevron has spent millions of dollars on a media campaign telling the public of their commitment to local content and supporting the local communities).

Unfortunately the reality of the situation is that due to mismanagement by Chevron and its primary contractor CBI Kentz Joint Venture, as well as outsourcing of their recruitment process to a third party (Chandler McLeod), these now unemployed workers have very little chance of gaining employment on the project.

The application and recruiting process employed by CBI (Chandler McLeod) is particularly lengthy and extremely slow in its implementation. It also inadvertently discriminates against people who are not computer literate, people who may have poor literacy skills and those that have limited Oil and Gas experience but only wish to work at the Henderson facility. A typical applicant will have to complete:

- an application with Seek;
- an application with Chandler McLeod;
- an 8 page questionnaire;
- an interview;
- a written exam on trade knowledge;
- a weld test; and
- a full medical with drug and alcohol screen.

This part of the process can be as quick as three weeks, but for some it has taken months. Following the approval from this stage there is also up to six days further training and inductions to get applicants

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“Island ready”. Some of this process can be justified for people wanting to work on the island, considering it is an Oil and Gas site within an A class reserve, but for those wanting to only work at the fabrication and assembly site in Henderson, it is an extremely long drawn out process with many applicants becoming frustrated and giving up after being lost within the system for several weeks or even months.

As it stands now, around 200 of the 600 strong workforce at Henderson want to be transferred to Barrow Island, which in turn would free up their positions at Henderson to be filled by other now unemployed local workers.

The latest contingent of these workers that were supposed to be mobilized to Barrow Island on the 26th December 2012 had their transfers cancelled for the reason of a lack of accommodation on the Island. However at the same time, Chandler McLeod are still actively recruiting and mobilizing Eastern states personnel to go to Barrow.

I have no problem with eastern states workers gaining employment on the project but this should under no circumstances reduce the opportunities for local workers. Considering the amount of money Chevron have spent on their media campaign about supporting the local community they should have an obligation to exhaust the local labour market and be held accountable to their commitment before recruiting from interstate.

In light of the current situation I would ask the Minister to hold Chevron and its contractors to account in respect to prioritizing employment of local workers. I would ask the Minister also to ensure in legislation that companies must prove appropriate local labour market testing before seeking to employ from interstate and overseas.

The letter then went on to invite the minister to an on-site meeting at Henderson to talk about the Liberal Party’s commitment to local content on future major resource projects in the state. There are 150 of those signed letters that these workers want the minister to respond to. These people are going through a very difficult process. When I looked at the process involved in gaining employment, I thought that it is easier to become a member of Parliament than it is to get a welding job on the strip. We do not have to go through any of those criteria to get our jobs here. We might have to go through other painful processes but they are certainly not as detailed.

Some of the fellows I spoke to last week have been working their trade for 20 or 30 years, they may have left school at a young age, they may not be computer literate and they may find that barriers are being put in their way to prevent them from accessing those opportunities. They want the government to find a way to ensure that local workers have the opportunity to get these jobs without these artificial barriers being put in their way to prevent them from doing so and giving these companies the excuse to bring in workers from other places, thereby denying our workers those opportunities. I am sure that everyone in this place would want to see Western Australian workers being given the first call, the first opportunity, for employment. We also want to see our young people given that opportunity, particularly in that corridor where we still have fairly high rates of youth unemployment. I think the rate of unemployment across the state is about 5.2 per cent. I imagine the government would want to do everything it possibly could to ensure that Western Australian workers get the first call. For whatever reason, that is not happening.

We go back to that 10-point plan which looks fine on paper but in practice has not delivered the outcomes that the government intended to deliver. I know that Labor had a better plan. We tried to get our skilled jobs legislation through the other place but it was rejected by the government. The government needs to articulate what it is going to do to stem the tide of these businesses going bust and having to terminate the employment of these workers, not because they do not think they are good employees—that is not the case at all—but simply because they do not have the work, they are not getting the contracts and they cannot sustain their companies. We are seeing businesses that have been in place for extended periods finding that they cannot compete in the marketplace and they cannot continue to employ these people. That is a dreadful situation for us to be in. The minister faces a real challenge in telling us what the government can do to ensure that our businesses, particularly in our southern corridor, can be sustained and continue to employ people, and not just during this period. What is the government doing to ensure that young people can be employed through apprenticeships or traineeships? What will the government do to ensure that the working people of this state get their fair share of the resources boom?

It is a very dismal period for the people affected in the companies I mentioned. They now have to look at alternative mechanisms. As we have seen from this employment process, it is extremely difficult. I challenge anyone in this chamber to go through the process that these people have to go through to get a job—a job that some of them have been doing for 20 or 30 years. They have the practical skills, but barriers are being put in

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their way to get this work. That is the concern. The challenge is for the minister to provide a response to a letter that has been sitting in his office since late April that he has not replied to. I know that he is a very busy man but these people want to know what the government will do to ensure that, with all this resource growth and the opportunities that are occurring in our state, local people get local jobs as a priority. What will the government do to ensure that young people as a priority in our state have those opportunities in the future? The framework document that the government put out in 2010, the 10-point participation plan and the money that has been thrown into some of the organisations that were meant to facilitate these changes have not worked. The fact that these companies have closed in the past couple of years and that there have been significant job losses is evidence of the failure of the 10-point participation plan.

I think the government needs to come up with a better idea. It needs to go back and talk to those industries. It needs to talk to the workers in those areas. I know that the minister is new to this field and he is stepping outside what he is used to, his normal comfort zone, but I encourage him to talk to these people who are in this situation and hear what they have to say. They are experienced, they are committed to the work they do, they have families to raise, they want a future for their children and they want local jobs, but at this point things are looking pretty dismal. I encourage the minister to respond to the correspondence that has been sent to him and to say how the government will try to ensure that no more cutbacks occur in those areas. Hopefully, the government can prevent further companies hitting the wall. We need to know what strategies the minister will put in place to ensure that that happens. It would be really good to hear what the government is going to do to tighten up state agreements. When these large resource companies are able to operate in our state, what will the minister do to ensure that they employ local workers, so that these local companies can get the contracts, hopefully, at the point of origin, the design stage and ongoing? Otherwise, the lights will go out all the way through Henderson and Kwinana and we will see a massive drop in the number of these skilled workers and they will have to resort to other types of employment opportunities. It will get tougher and tougher.

The other challenge is that I hope the minister goes back to these companies and asks why they have given the employment hiring option to a firm that is putting up artificial barriers to these workers. He should ask them why they do not take into account the work experience and life skills of these workers without having to put them through these processes. Not all of these processes are unnecessary; I agree that some things have to be done, but other things seem to make it too difficult for these workers, particularly those who do not have the necessary literacy or computer skills to be able to jump through those hurdles. There are real challenges there. Those people I met with last Friday are very concerned and very disturbed about what is happening in their workplaces. They are being fed misinformation about their employment opportunities. This government has to step up now—it has another four years to try to fix this—and ensure that these local workers have the best opportunities to access employment in our state so they, too, can reap the benefits of the boom.

I seek leave to table the documents I referred to.

Leave granted. [See paper 255.]

HON MICHAEL MISCHIN (North Metropolitan — Minister for Commerce) [10.29 am]: I am grateful to Hon Kate Doust for moving this motion. I will speak against it, of course. But I do appreciate her moving this motion, as it gives me the opportunity to say something about this vexing issue of local content; to outline what the problem actually is and some of its complexities as well as what the government has been doing about it for the last several years; and also to indicate the superficiality and shallowness of the opposition's understanding of this very complicated problem.

There seems to be this idea that money is being spent on resource projects and therefore there is a boom. In a narrow sense that may be right. If an opposition member were to build a house in their suburb, of course money would be spent. It appears that there would be an expectation on the part of that opposition member that all the business, all that is involved in the construction of that particular dwelling, all the parts and all the labour would be drawn from the immediate neighbourhood, and that somehow it is wrong that the builder might come from somewhere else, that the workers might live somewhere else and that the parts and equipment might come from somewhere else and be used on that project.

One thing must be borne in mind in respect of all these projects in the resource industry: they are vast investments, they involve hundreds of millions of dollars and they generate not a cent for the investor until the first tonne of iron ore is removed, processed and sold; so, they are vast forward investments. Sure, there is money being spent by companies, but they must also make sure that the project is viable, and they also have to look around for the best deal. I will come to some figures very shortly about the sorts of investment that these companies are making in Western Australia and the amount that is being devoted to local content. It seems that the shallow, superficial solution to this is to make laws requiring certain content come from certain places and

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that will solve the problem. All it will do is eventually price the project out of the market and make it unviable, and I will come to some figures on that very shortly.

There is a difficulty, and I understand and appreciate fully that there is an expectation that projects in Western Australia should use to the best extent possible local workers, local expertise and local businesses in the supply chain. But for these major projects it must also be understood that the supply chain is often a well-established and very complicated one, and involves not only a reliance on certain standards for those who are implementing the project at the end of the day, but also a requirement for certain standards along the way. It is difficult to break into those supply chains, and that is one of the things that the Department of Commerce is working on.

I will outline some of the things that have been done, and we have heard mention of the 10-point plan. The local industry participation framework was introduced in July 2011 as the government's response to the changed market circumstances that were having an impact on local suppliers to major resource projects, particularly offshore energy developments. In taking that initiative, the government acknowledged the impact of long-term factors, including gains in Asia's industrial capacity. At one stage Asia did not have the expertise to do much of this work, but it has been smart enough to develop it and is now able to provide the sorts of things that are required for these projects in a way that is far more cost effective than can be done within the state. The industrial capacity of Asia has increased. Advances in construction and transport technology have occurred over the last decade. There has been increasing use of international supply arrangements. We have also had to struggle under a strong Australian dollar, which has made local content far more expensive than it had been in the past. The government had the realism and the understanding to develop a new approach, given the erosion of the previously high levels of natural protection enjoyed by local manufacturing and service companies. It has affected steel fabricators and engineering and design companies in particular, but there have been others who have been affected by it also.

Underpinning the framework approach is the government's commitment to open trade, rather than protectionism, and an investment economy. As such, the government recognises that WA's engagement with the global economy must entail a two-way flow of capital, of goods and of services. This is in contrast with what appears to be the opposition's approach to this issue: a protectionist mentality and the sort of thing that helped, I suppose, the United Kingdom become a basket case economically before the Thatcher government reformed the workplace and industry there. There is a desire, it appears, to embed local content in some kind of legislation, no matter how inefficient that may be, no matter how non-cost effective it may be and no matter how uncompetitive it may be.

The second principle behind the government's framework is that resource developers are required to provide local industry with full, fair and reasonable opportunity to participate. In brief, that means that a local business seeking to supply to a project can expect one of two outcomes: it either gets the contract or it gets some explanation of why their proposal to get into the supply chain was not competitive. Within the 10 points contained in the framework there are three major objectives: firstly, to engage with world-class project proponents operating in our economy to better understand business and procurement trends, and the relative performance of WA suppliers; secondly, where possible to act to support improvements in this competitive performance; and, thirdly, to push the commonwealth government into a more active role on the issue of participation. The honourable member mentioned the reports that are made on local participation. Six-monthly reports are prepared on the intentions and outcomes of the government's approach and those, if they had been examined, would suggest that the government's approach has been successful overall. It is also important to note that although the opposition seems to focus merely on the Henderson precinct and on steel fabricators in particular, the government's approach is embracing all forms of supply to the resource sector.

At the highest level since the framework was introduced in July 2011, more than \$43 billion in publicly announced contracts have been awarded to local suppliers. That represents the maintenance of or the creation of some 100 000 employment positions in this state. The analyses of those contracts, which are included in the appendices to the local content reports, show a diverse range of supply including construction, service provision, equipment supply and project management. Additionally, since the implementation of the framework, there have been consistent increases in the level of local content in the state agreement acts. For example, in the November 2012 local content report, increases were noted in BHP Billiton's Port Hedland inner harbour development, the Worsley Alumina expansion and the Chevron Gorgon project. In the about-to-be-tabled May 2013 report, notable achievements include an increase in local content on Woodside's North Rankin 2 project from 66 per cent to 88 per cent; and figures provided by Chevron for the Wheatstone project demonstrated a 26 per cent increase in local content and 28 per cent for the value of work carried out overseas compared with previous periods. Roy Hill Holdings for the 2011–12 financial year spent or committed a total of approximately \$1.95 billion; of that, approximately \$1.3 billion was spent or committed to Western Australian companies. For the Gorgon project, which I have already touched on, Chevron reports that \$19.7 billion in contracts has been

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committed for Australian industry and labour, of which 92 per cent, or \$18.2 billion, is in Western Australia. The total Western Australian local content contract values are \$15 billion to 31 December last year, equalling 49 per cent of the total \$30.8 billion. An awful lot has been achieved and is continuing to be achieved. That can be attributed not to neglect on the part of the government, but to the political will demonstrated by not only the Premier but also the government and my friend and colleague Hon Simon O'Brien, who as previous minister did an awful lot of work in this field. I commend him for the great energy he devoted to this subject.

Through the Department for Commerce regular formal meetings are held with key companies and information is being provided on why WA-based companies fail to qualify or obtain contracts. That has been supported by the government's increased use of industry participation plans and it is a policy that any project requiring an agreement act must provide such a plan for the government's consideration. For example, all future Rio Tinto and BHP Billiton developments are now covered. In initiating that exchange of information, there has been a focus on the prospects of steel fabrication and engineering and design industries. The government has funded independent evaluations of both. In relation to steel fabrication, the findings emphasised price capacity and capability concerns with an overall price disadvantage of 85 per cent being cited against Asian counterparts—85 per cent. A major component of that is labour cost. I digress for just a moment. I am not diminishing the concerns of Australian workers in this regard; we enjoy a high standard of living and high expectations about income, but the reality seems to be that Australian workers are pricing themselves out of the market for the things they manufacture. Hence our clothing industry has disappeared. Australians are happy to be paid to manufacture jeans and expect a large pay packet, but when it comes to buying the jeans that they manufacture, they say they are too expensive and buy them from overseas manufacturers or online. Likewise with just about everything else, yet there is an expectation that our high incomes governed by awards and enterprise agreements and the like are somehow self-sustaining. They are not. The reality is that many of these businesses that are faced with these problems have to find other ways of being profitable. Certainly, the resource industry offers opportunities if businesses can get into the supply chain, but they have to be competitive about it. It may be that some of those businesses that are unable to draw on their local markets need to find other ways of restructuring their businesses. That is another thing that the department is looking at and assisting with, but we are entirely conscious of the expectations that there will be a large amount of local content, and that is being addressed.

The Department of Commerce is also working with the Australian Steel Institute, which has indicated that fabricators should focus on time-sensitive and niche products and switch emphasis from construction to operational demand. That is another matter that businesses need to address. We are going through a construction boom, if you like, at the moment. That will pass. Once these projects get into an operational stage, the entire emphasis on the sorts of skills and work required will change and they will have to adapt to that.

I am running out of time. I note that this is a large topic and I have just scratched the surface. I would not have done it justice if I had not gone into some detail about it. I welcome the motion because it meant I could say something on it and indicate how the government is addressing this. The government understands that complex issues underlie the local content issue. I encourage members opposite to raise similar motions to this in future so that I will have the opportunity to complete my address on the sorts of issues the government is facing and what it is doing.

HON SALLY TALBOT (South West) [10.45 am]: Nothing that the minister has just said by way of response to this motion persuades me to not join the opposition in condemning the Barnett government for failing to ensure that local manufacturing workers and businesses share in Western Australia's economic success, in particular, the failure of this government's 10-point plan to increase local manufacturing content in resource projects.

The minister has just said that in the 15 minutes available to him he was able to only scratch the surface, but thank goodness he did scratch the surface because in doing that we have discovered that only a scratch below the surface is that old-fashioned Tory line that it is the workers' fault. Who is to blame for this situation? It is the workers. It is the workers pricing themselves out of the market. It is the workers having expectations that are unrealistic. That is a load of nineteenth century, old-fashioned rubbish. In the time available to me I will go through some of the fundamental arguments about why the minister is wrong. It amazes me that I have to stand here and say that already in the short number of days during which we have had a new minister in this portfolio, we who represent the manufacturing sector are already missing Hon Simon O'Brien! I did not think that day would ever come. Hon Simon O'Brien would never have stood in this place and blamed the workers for the situation with the government's failure to invest in local content.

There is a sense that the letter that the minister Hon Michael Mischin received from the Australian Manufacturing Workers' Union a month ago should have been unqualified good news for this government, because the letter states very clearly that 200 workers are waiting in Henderson to be redeployed to the major

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resource projects up north. Every day, almost on the hour with the hourly news bulletin, we hear about the skills shortage affecting our resource industry development in Western Australia. Of course, the Premier is highly conflicted about whether we are having a boom. I heard his response to the commonwealth government budget the other day and he wanted to say that the commonwealth government has squandered the benefits of the boom, but then all of a sudden he realised he was going to come out with the B-word—boom—which of course he says we are not having in the first place. So he had to stumble around and say that if we were having a boom, the commonwealth government might have squandered the resources. He got himself into a terrible tangle there. It is no wonder that the whole Liberal Party nationwide is very confused about this stuff.

It should have been unqualified good news for the government that a minimum of 200 workers right here and now today are waiting to be redeployed up north. What is the government doing about this? Absolutely nothing. There was no answer to the letter that the union wrote on behalf of the workers to the minister. There was no response whatsoever and the minister has the gall to come into this place and put on the public record that his belief is that it is the fault of the workers for pricing themselves out of the market.

I ask honourable members to consider: when is a plan not a plan? Hon Kate Doust has already referred to the 2011 10-point plan that the government put out in an attempt to respond to the growing community demand for increased investment in local content. Of course, the government's first reaction when the iceberg broke through the cover was that there is no problem. We just heard Hon Michael Mischin. All the same old, same old "vexed issue", "very complicated", "vast forward investments", "long well-established supply chains", "It is all very, very hard". We have heard this for years. The government's first reaction was that there is no problem; just let the market look after itself and it will all be hunky-dory. The Premier, Colin Barnett, says, "Trust me, I am the Premier." After a few years the government realised it would actually have to do something, because it was not just the workers who were complaining; it was industry and the employee groups. It was not only local steel manufacturers; it was also the engineers and the designers who began to come to government. The government's own constituency started to tell the government it was stuffing it up. What did the government do? It came out with its 10-point plan. What is this 10-point plan for? I will tell members when a plan is not a plan. A plan is not a plan when it is only a plan, and that is all we have, three pages of bits of paper that say one to 10 and that contain empty rhetoric. I am not even convinced the wheels are going around. I am certain that the wheels have no traction to make any concrete difference to the situation. As a result of listening to the minister's response to this motion, I am now not even certain that those wheels are turning. Look more closely at this plan; it is actually not a plan at all of course, and the government betrays itself with its own rhetoric. It is not a plan; it is a framework. Imagine if someone wanted to make some kind of personal change in their life and they came up with a framework for making those changes. That is what the government has done. All this rhetoric is phrased in terms of improving channels of communication. Well, whoopee doo, is that what these 200 guys down at Henderson want? I do not think so. If we read on we see things like the former minister, Hon Simon O'Brien, wanting to "ensure the state has a more complete picture". That is one of the points in this 10-point framework, ensuring the state has more information about the problem. Hello! I know why the minister refuses to meet with these people, because he will not be able sit in that room and use this kind of rubbish, this drivel, this excuse for complete inaction.

I suggest to honourable members on the government benches that there can only be one key performance indicator for measuring the success of the 10-point plan, strategy or framework, or whatever we want to call it. There can only be one KPI and that is more jobs, more apprenticeships and more traineeships, and, minister, that is not happening. Hundreds and hundreds of skilled workers are sitting down there in the previous minister's own electorate waiting for jobs. The plan is a complete failure. At the heart of this government's failure is that if the minister had not betrayed himself with his own words to this house this morning, he need look no further than what the government did when it wound up the old Industrial Supplies Office. Who do we think the government gave the contract to, the contract that is supposed to facilitate the development of industry capability and to deliver local jobs and local content to local workers? The Chamber of Commerce and Industry of Western Australia. If the government cannot see what a fundamental conflict of interest that is, it does not even get to first base. Here we have the CCI representing both large businesses and small businesses. There is no problem with that; there may be very many areas of enterprise where it is quite appropriate for those interests to coincide, but on this fundamental question of local content, the government awarded the contract to the people who represent two groups. One group is the large businesses, the large resource companies, whose primary interest is to minimise cost. On the other hand, the CCI is supposed to represent small to medium-sized businesses whose primary interest is in maximising opportunity. Get it? It is a conflict of interest. It cannot work. The minister should take the contract away from the CCI and take it on himself, as every other state government in Australia has done. Every other state government in Australia has taken on responsibility for running their equivalent of the Industry Capability Network. The government does not have to worry about partisan politics going on in this case, because every other state government has recognised there is a fundamental conflict of interest unless the

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state government handles these matters itself. I put it to honourable members that we know what the Liberal government thinks about this issue. We heard the minister very clearly this morning and I tell him, it does not wash. He has shirked his responsibility and he will be held accountable.

HON PHIL EDMAN (South Metropolitan) [10.55 am]: Firstly, this is like *Groundhog Day*. This is not the first, the second or the third time, I do not even think it is the fourth time, that the opposition has brought this issue up. I think it is the fifth time in the last 18 months. It is probably because the opposition has nothing better to talk about, but it is an important issue and I always welcome when it is raised, because it gives me an opportunity to talk about what is happening in the South Metropolitan Region. I would really like to know how many steel fabricators and factories Hon Kate Doust has actually been to; I would love to hear that. In relation to our new members, Hon Dave Grills and Hon Martin Aldridge —

Hon Kate Doust interjected.

The PRESIDENT: Order!

Hon PHIL EDMAN: Mr President, I cannot hear myself speak.

The PRESIDENT: Order!

Hon PHIL EDMAN: Hon Kate Doust should visit her electorate.

The PRESIDENT: Order! Members know that if they feel they have been misquoted or maligned in the speech, there are certain provisions under the standing orders to draw that to the attention of the house, but it cannot be done by constant interjection.

Hon PHIL EDMAN: As I was saying, I welcome our new members Hon Dave Grills and Hon Martin Aldridge, and I thank Hon Martin Aldridge for his wonderful speech last night as well. These new members do not have to worry if they do not get to make a contribution to this debate, because the opposition will probably bring this issue up again next week, or sometime soon. I am sure that this issue would be dear to Hon Dave Grills' heart, he being a tradesperson.

Firstly, I would like to say what a fantastic job Hon Simon O'Brien did when he was Minister for Commerce. At any request I had for him to come to my electorate, which is also his, he very quickly came, and he visited numerous times when there were issues he needed to look at. Hon Simon O'Brien should be commended for his contribution to the "Western Australian Government Local Content Participation Framework" and also the local content committees. Talking about visiting the western trade coast and the steel fabricators, 90 per cent of which reside in Kwinana, our new minister Hon Michael Mischin came down just recently on 8 May, at my request, and spent close to half a day talking to various steel fabricators and businesses in the western trade coast. One thing I can say about the minister is that he gets down and has a look at things. I remember when he was the parliamentary secretary to the Attorney General, and for those members who remember, we had the graffiti implements bill. I remember a shop was selling these graffiti implements to the kids and I found out that Hon Michael Mischin took his suit off and went there to see for himself firsthand whether that was happening. That is the sort gentleman he is. I have total confidence in his capabilities in dealing with this portfolio.

Hon Norman Moore: Did he buy one?

Hon PHIL EDMAN: I do not know whether he bought anything, I hope he did not! However, Hon Michael Mischin is doing, and will do, an excellent job.

It is very hard out there at the moment. I will not say that everyone is holding hands and singing *Kumbaya* down there when it comes to work. It is tough and I know that. I also have a factory I own in the industrial area and it has been doing it tough too, but we have to start to think globally and outside the box. We cannot expect government to fix every single thing. There is a golden answer; sometimes we have to help ourselves. There have been some good news stories just recently. Alltype Engineering in Naval Base won a Gorgon project job with CB&I and Kentz Joint Venture. That is creating another 60 to 80 jobs and that was announced, I think, in the *Weekend Courier* on 26 April. On 17 April Matrix Composite and Engineering announced it was creating 220 jobs from a contract it won in relation to the Wheatstone project. I will not go on about all of them, but those are a couple of recent biggies that have happened in my electorate, so it is not all doom and gloom. I realise that some of these businesses are doing it tough. I am waiting for an opposition member to suggest that we "mandate" local content. As the minister said, that will not work. We would scare off those companies that want to do business in the state. It is not exactly easy for companies to set up businesses of a global scale in Western Australia, and we do not want to make it any harder for them. Hon Gary Gray is on the record as saying that he does not support mandating local content. In my opinion there is a better way. If I were in the business of being a

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steel fabricator, I tell you what—I would not be waiting around for the government to fix all my problems. I am sorry, but I just would not do that as a business proprietor. Rather, I would be studying very quickly the model that Hon Simon O'Brien introduced some years ago. He took me to meet the owners of Strategic Marine. It started off as a small company based in Geraldton that built crayfish boats, but it is now a lot bigger. It decided to set up some of its componentry in Vietnam. It won the contract through the former state government for the floating dock because it was competitive. It has also set up business in Singapore. The Minister for Commerce visited Strategic Marine on 8 May. It was interesting to learn that that Western Australian company, which has not lost any of its workforce, is winning contracts because it is based in Singapore and Vietnam. The Singaporean government would not have given it a contract had it not set up business in Singapore. It would not have won some Malaysian contracts if it had not set up business in Vietnam. It would not have been awarded those projects if it were based only in the Western Trade Coast and with the Australian Marine Complex. Strategic Marine has thought outside the box. I know that is scary for some business proprietors, but if Strategic Marine can do it, I am sure there are other opportunities. The Australian dollar is high. An Indonesian boilermaker—I was there not so long ago—receives \$200 a month. How do we compete with that? It is difficult. We have to think outside the box. I am being a realist. I want to help businesses stay afloat. Steel fabricators are very important to Western Australia. I do not want to see them fall over. There is a thing called maintenance; indeed, if we do not have steel fabricators, we will be in trouble. We must be able to look after them and keep them here. It is not easy. There will always be something that we should be doing. No government is perfect. I have never stood in this house and said that our government is perfect. There is always room for improvement in any government, some more than others.

In the little time I have left—this is probably the only time I will get such an opportunity—I would like to say farewell to retiring members from all parties.

The PRESIDENT: As much as you may like to do that —

Hon PHIL EDMAN: I cannot do it?

The PRESIDENT: — you have to stick to the question before the house.

Hon PHIL EDMAN: Okay. If that is the vote, thank you and goodbye!

HON ADELE FARINA (South West) [11.04 am]: I am pleased to rise in support of the very important motion put forward by Hon Kate Doust. The issue of skilled Western Australian workers missing out on local jobs in the resources sector and, in many cases, being unable to apply for those jobs; and, the issue of Western Australian businesses missing out on contracts for resource projects are real and pressing issues that impact the state's economy and economic development. These issues should not be ignored by government and certainly should not be ignored by responsible government. These issues warrant the attention of this house as many times as is necessary until they are addressed.

I was quite horrified to read the letter from the secretary of the Australian Manufacturing Workers Union to the Minister for Commerce. It stated that 200 workers at Henderson, who were employed on the basis that they would be skilled up and trained at Henderson and then mobilised to work on one of the big resource projects in the north west—and who were due for mobilisation in late December—were informed that all that had been cancelled at the same time that the recruitment company employed by the resource company was actively recruiting and mobilising workers from the eastern states to fill those jobs. I do not know whether members opposite find that disturbing. Certainly the laughter from members on the other side suggests that they do not. I certainly find it disturbing that 200 Western Australian skilled workers who are ready, willing and able to fill those jobs are being overlooked and that workers are being recruited from the eastern states and overseas ahead of those Western Australian workers. That is not in the best interests of our workforce and it is not in the best interests of our economy and the economic development of the state. I would like an answer to the question posed in the union's letter and posed by Hon Kate Doust as to why it is that these people, who were employed on the condition that they would be trained and skilled at Henderson and then mobilised and moved into the resources sector jobs in the north west, have been overlooked and told that that is not happening anymore when, in fact, those positions are being filled by workers from the eastern states. I find it extraordinary that this is happening. The union also said that skilled Western Australian workers who had been displaced when certain projects had finished could have easily filled those positions at either Henderson or Barrow Island. But they, too, were overlooked. Unemployed skilled Western Australian workers are missing out on jobs because those jobs are going to workers in the eastern states. That is a serious issue that must be addressed; it should not be ignored by the government. It is very reasonable for the union to write to the minister to ask for an explanation about that and to invite the minister to review the situation and talk to the workers. It is unacceptable that having received the letter over a month ago, the minister has failed to reply to either the letter or the invitation to meet on site

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with the workers who have raised these concerns. It is also unacceptable that the minister failed to address that issue at all in his response to this motion. I do not believe that that is acceptable.

It is the responsibility of government and ultimately this Parliament to ensure that Western Australians are getting the best benefit from the resources sector and the projects. Clearly, that is not happening. We should not be sitting idly by, watching Western Australian jobs go to eastern states and overseas workers. The government has a responsibility to enhance opportunities for Western Australians, particularly work opportunities, and it is clearly failing in that responsibility. Certainly, we have heard evidence of that today. The government must step up and address why this is happening.

We want to know why these companies are opting for eastern states workers over Western Australian workers. Western Australian workers who have been employed and trained specifically to take on those positions, and unemployed skilled workers who live in WA and who are willing to take up those jobs are being ignored. One of the big issues is the lack of transparency. Hon Jon Ford has risen in this place and talked about his frustration in trying to get information through the freedom of information process and questions in Parliament about why this is happening, about local content and why Western Australian skilled workers are missing out on jobs that are going to eastern states and overseas workers. He has been unable to find out that information. He has been told that the reason why he cannot get that information is that it is commercial-in-confidence. Like Hon Jon Ford, I do not understand why this information is commercial-in-confidence. It is not. There is absolutely no reason why this information should not be made available. If it was made available, perhaps we would get a better understanding of the extent of the problem, and we might have some success in addressing the problem. But while these details remain protected, we have very little chance of addressing the problem. I think greater transparency is required by government. Certainly, the government promised the Western Australian community that it would be transparent. Over the past four and a half years, we have certainly seen a lack of commitment to that undertaking given to the electorate, and it would be good to see that changed in this term of government so that we might be able to start addressing these issues.

The minister needs to respond as a matter of urgency to the issues that were raised in the union's letter and that have been raised by members here today, because, as I said, I and, I am sure, the Western Australian community would really like to know the answers to these questions. Whenever we listen to talkback radio on this issue and whenever we move about the community and talk to members of the community, we hear time and again about skilled workers who cannot get into the resource sector. No matter how skilled they are or how hard they try, unless they know someone in the resource sector, they simply cannot get a job in the sector. It should not be that hard. Western Australian skilled workers should not be overlooked by the resource companies when it comes to jobs. It is an issue that we really need to address, and I think we are failing to.

The government has made a big deal about its 10-point framework, but that addresses only one component of the problem. The problem has a number of components. Part of it is what we call the supply contracts. That 10-point plan or framework tries to address that, but clearly it is not addressing it. I have some real concerns about the reports that have been tabled in that there is no verification of the information that has been provided. If it has been verified, we do not know who verified it and how it was verified, so it is very hard to make any judgement on those local content documents that have been provided because there is no verification of the information in them.

The aspect that has been raised today is quite a separate matter. It is not about the supply to local contractors; it is about skilled Western Australian workers who are unable to access those jobs and fill those positions. It is a very different issue, and the minister has failed to address that in his response today, as have other government members. It needs to be addressed. I think that the 10-point framework completely ignores the issue. I know that the minister, in releasing that, did say that it was open for change and modification. Clearly, it needs that, because it is failing to address this very important issue.

Certainly, I am calling on the minister to investigate this issue and to report back to Parliament on why it is that in circumstances in which we have skilled Western Australian workers who are able to take up these positions, these positions continue to go to workers in the eastern states and overseas, ahead of our Western Australian workers who are skilled. We are not talking about unskilled workers. They are skilled; they are able to do this job. In the case of those workers at Henderson, they were employed with the intention of moving them on to Barrow Island, yet this has not happened. We are entitled to know why.

HON SIMON O'BRIEN (South Metropolitan) [11.14 am]: The motion put forward by Hon Kate Doust is based on a false premise, but that does not seem to be what she intended to argue this morning. In fact, what the mover and subsequent speakers from the opposition have been demanding of the Minister for Commerce is that he respond to a very specific and discrete area of complaint, which is quite different from the wording of the motion, which is the normal, broadbrush wording, "That this Council condemns the Barnett government for

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failing to” do something. The opposition should have learnt by now that if it wants to get a response from a responsive, responsible and reasonable minister such as Hon Michael Mischin, all it has to do is give suitable notice of what it wishes to debate, ask a question in this house, and he will provide that information. But that does not seem to be the situation that it wants to pursue, and I doubt the sincerity of the agenda that is behind the wording of this motion anyway.

The reports that have been tabled every six months in recent years provide a very different response from the government to the false premise that is contained in the wording of this motion. Members need only to resort to that to find out about the results that this government has obtained when measured against the framework for local industry participation. However, now we have Hon Adele Farina doubting the veracity of that, although I do not think she had made any inquiry at all to establish the veracity of that claim prior to raising it here in the house. But I guess that is the sort of thing that oppositions do.

I want to make some brief comments that might be pertinent at this time. The first is that there has already been a slinging off against the new Minister for Commerce, saying that he probably does not know anything about this area. I think Hon Michael Mischin demonstrated, in fact, that he has a very good handle on this new area of responsibility and a better level of understanding than the mover does of the issue. I know, because I have looked very closely and lived day after day, week after week with tackling the issue, and I know when people are dinkum about doing something and I know when they are talking rubbish. Hon Michael Mischin has a very good grasp of what is happening; the mover does not. She just wants to use it —

Hon Kate Doust: Is that why you got sacked, because you are talking rubbish?

Hon SIMON O'BRIEN: Grow up a little bit, will you? That is a stupid and graceless interjection, and I hope you are now embarrassed by it, as your colleagues would be.

Several members interjected.

The PRESIDENT: Order! Let us stick to the substance of the issue.

Hon SIMON O'BRIEN: The substance of the issue concerns the amount of local involvement, in a whole range of ways, in some of the dramatic developments that are taking place—the unprecedented scale of development that is occurring here in Western Australia, particularly in the petroleum and mining sectors at this time. It is right that Western Australia, and Western Australians, should enjoy the benefits of that increased activity, although, admittedly, such impacts are not going to be evenly felt or evenly spread, and governments have a responsibility to make sure that there is as much pie available for all Western Australians to be able to enjoy their share and, indeed, as big a slice as they can. We know that, and we are working hard towards achieving that.

We have already heard that some of the challenges, particularly facing the steel fabrication sector, have a lot to do with a need on the part of some areas of activity to change or improve their basic business model in order to be more competitive and to obtain more work. That has been discussed on other occasions and will be discussed again. Indeed, it is contained in the reports that I have previously tabled in this house. We know all of that. We also know that it mitigates in the favour of our local suppliers when we have jobs such as in the traditional mining sector, where the sites of production are well inland, as opposed to many of the new petroleum sites of production that are, in fact, offshore or for processing immediately onshore. The reason for that is fairly obvious. There is a far greater capacity for modules and other infrastructure from competitor nations in the region to be provided to an offshore site than there is to provide those materials and infrastructure to a site that is hundreds of kilometres inland from the coast. That is why I think we will find it will be a very good thing in due course when Buru Energy Ltd and others develop the shale gas resource in the Canning Basin—another agreement secured by this government. It will all be inland and onshore and is a massive prospect for Western Australia. That is to be applauded; it is a tremendous development.

Conversely, let us look at our critics' performance in all of this. It was they who awarded a floating dock contract, largely to be built offshore—Hon Phil Edman referred to this—in a move that we do not criticise because we understand how and why it happened. But if this government commissioned a floating dock to be largely fabricated offshore, even by a Western Australian company, this lot opposite would be screaming their heads off, because they have a very short memory about the realities that they had to confront when they were in government. They also forget that, in keeping with what I have just described, this government has tried to make sure that our resources are processed onshore in Western Australia to maximise the benefit to Western Australia and to Western Australians. That is why we decry the failure of the previous Labor government in allowing the Inpex Corporation project to slip through the state's fingers and go to Darwin.

Hon Ljiljanna Ravlich: Let's talk about Woodside.

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Hon SIMON O'BRIEN: I want to talk about Woodside Petroleum Ltd. Unlike the Canning Basin project that I just referred to, there is another very big project in the offing, and it involves Woodside and Shell. It also involves, we discover, a floating platform in commonwealth waters to process the liquefied natural gas that is the target of the project. This state government wants, and will continue to fight, to see that processing happen onshore for the benefits and the reasons that I have just described. But we have a federal Labor government, with a Western Australian member in Gary Gray, formerly an employee of Woodside—Hon Sally Talbot, before members opposite start talking about potential conflicts—saying that, no, this should be processed on a floating platform offshore. Martin Ferguson, the then minister, made sure that for short-term expediency and to look after, as our opponents would say, the big end of town —

Point of Order

Hon KATE DOUST: I think the member has gone way off tangent, Mr President, and, on a question of relevance, I would ask you to bring him back to the motion.

Several members interjected.

The PRESIDENT: Order! I think the underlying principle of what the member is talking about is offshore versus onshore manufacturing. In that context, I think his comments are in order. But, of course, he would not want to stray from the substance of the issue.

Debate Resumed

Hon SIMON O'BRIEN: This is 100 per cent relevant to the debate and central to the issue. When federal Labor ministers engineer it so that the Shell–Woodside consortium can process offshore so that the federal government can get some short-term benefit from revenues flowing in commonwealth waters, and to hell with Western Australia and our interests, that is certainly germane to this debate and it is exactly what the opposition should be talking about. But did the mover of this motion contact Gary Gray or his colleague Martin Ferguson to say that what they are proposing is wrong and that she opposes it? No, she did not, and that shows the blatant hypocrisy contained in all her remarks on this issue.

Several members interjected.

The PRESIDENT: Order!

HON LJILJANNA RAVLICH (East Metropolitan) [11.24 am]: I will try to be calm, Mr President. I rise to support the motion. There is an old saying that where there is a will, there is a way. The government's 10-point plan to increase local manufacturing content in resource projects is an absolute sham. There is nothing in this document; all it consists of is a series of motherhood statements. If this government were serious about this issue, it would do something about it. Time does not permit me to go into the detail of the weaknesses in the 10-point plan, but it is a shocking lost opportunity. There is no doubt that the notion of protecting Western Australian jobs on Western Australian resource projects does not accord with the ideology of the Liberal Party and so the Liberal Party does not believe that it should do anything about it. It is very concerning to me that Western Australian jobs are not being secured for Western Australian workers and that it is okay to say that workers can come from interstate or, indeed, from other nations and do work here.

Hon Simon O'Brien: Like media advisers in the Prime Minister's office.

The PRESIDENT: Order, member! You just had your opportunity; now it is somebody else's.

Hon LJILJANNA RAVLICH: What needs to be understood is that when workers come from interstate, and they do, or when they come from overseas, and they do, the fact is that the money they earn in large part does not stay in this economy; the money in most part gets transferred back to where their families are, whether that is overseas or interstate, assuming of course that they have not brought their family to Western Australia. At the end of the day, one way in which we can maximise the benefit of a resource project to the Western Australian economy is to ensure that, first and foremost, Western Australians get access to Western Australian jobs. Clearly, that is not happening. I am absolutely shocked that employment agencies are putting in a whole lot of barriers to Western Australian people accessing those jobs, particularly in the area of engineering and steel fabrication. That says to me that there is a reason why local workers are being bypassed. I do not think that the skill set would be different between Western Australian workers and interstate workers. I think that one of the reasons they might be bypassed is that if workers are not taken from the strip and individual workers are taken from the eastern states, chances are that they will not be unionised. So there is a hidden agenda here. This is really where we have a fundamental problem. If all is equal in a skill set, why is one class of workers being denied the opportunity?

Motion lapsed, pursuant to standing orders.

Extract from *Hansard*

[COUNCIL — Thursday, 16 May 2013]

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Hon Kate Doust; Hon Michael Mischin; Hon Dr Sally Talbot; Hon Phil Edman; President; Hon Adele Farina;
Hon Simon O'Brien; Hon Ljiljana Ravlich
