

SKILLED LOCAL JOBS BILL 2011

260. Hon JON FORD to the Minister for Commerce:

- (1) What is the government's plan to ensure there are many more skilled Western Australian jobs in the current Western Australian resource project boom?
- (2) If there is no plan, why is that the case after more than two years in government?
- (3) Will the government support Labor's Skilled Local Jobs Bill 2011?

Hon SIMON O'BRIEN replied:

I thank the member for his question; he has an ongoing interest in this. Am I allowed under our standing orders to address a question about a bill that is not mine but is in another place? I am more than happy to do so.

The PRESIDENT: If the question relates to something to do with your portfolio, you are certainly permitted, indeed invited, to respond as requested.

Hon SIMON O'BRIEN: Thank you, Mr President. I wanted to make sure I was not trespassing on any of our standing orders. I would have found another way of commenting on Labor's policy if I were not able to comment on a bill in another place.

- (1)–(3) The Australian Labor Party has introduced what is in effect a private member's bill, introduced, I think, by the Leader of the Opposition just yesterday called the Skilled Local Jobs Bill. In my view, the bill itself should not be supported. Let me say at the outset that we all support appropriate measures being taken to ensure we maximise local participation in resources, related projects and, indeed, any other form of economic activity in the state. I hope that is agreed. It is certainly this government's approach. I would not like anything else to be represented as our approach. Insofar as that goes I am sure Hon Jon Ford and I agree and both sides of the chamber agree.

The Skilled Local Jobs Bill proposes a bureaucratic and prescriptive frame to a very valid issue that I think sells WA short. It requires that certain specific actions have to be taken in relation to state agreement acts and that endeavours be undertaken to perform like functions in relation to other proposals with a value of more than \$200 million that are not necessarily subject to a state agreement act. One of the provisions of the bill requires that the government include in the agreement a monetary penalty that the proponent will forfeit if it does not achieve certain levels of participation and the like. Although the Leader of the Opposition claims that will not mandate local content; it sure looks like it to me within the letter of this proposed law.

It is my view—I have already expressed this publicly—that the Labor bill would sell Western Australia short. It would do so, I think, by taking the lowest common denominator approach. It would restrict and, indeed, encourage the prescription of levels of activity at the time these matters are negotiated, possibly years and years ahead of construction being completed. Therefore, inevitably, a proponent would try to go for the lowest level of local content that they would be forced by law to comply with. I do not think that is a good outcome. A regime similar to that being promoted by Labor was introduced in Canada—I think that might be where the opposition got part of its model from—which has achieved about 30 per cent local content, and that is mandated. Yet here in the mining sector, we have been, historically, able to achieve 80 to 90 per cent local content. Even in difficult circumstances with some of the newer generation offshore projects in oil and gas we have achieved at least 50 to 60 per cent. I do not want to see us sold short by adopting a system that would require companies to shoot for lower levels of local content than we should be able to achieve and will be striving to achieve. Furthermore, if such a level is struck, once it is achieved by the proponent the government has no capacity to exert further pressure on that company to honour the principles of fairness and opportunity for local participants in major resource projects. If this matter is brought on for a more substantial debate outside of question time, I will share with members some of my other views about it.

In answer to the other parts of the member's question, there are not only plans, but also activities in place to make sure that we encourage access to resource projects for far more Western Australian workers, manufacturers, contractors and suppliers. That is going on at the moment. Well might members opposite ask: if the government will not support the opposition's bill, inadequate though it is, what is the government doing? We are engaging in strategic dialogue with all proponents and we are looking to achieve partnership agreements with stakeholders for resource projects generally and for individual projects specifically. That is why we are maintaining local content committees on the Wheatstone project, for example, which is in operation.

A number of other measures are either in train or in operation right now. I look forward to a whole-of-government announcement being made in due course. Our approach is to make sure that we empower our own officers within the Department of Commerce to provide the assistance that is needed by local manufacturers and contractors to access the new global-scale economy; to assist in providing connections between all parties; to make sure that training strategies are in place; to renegotiate and reinvigorate the activities of the industry capability network, which, as members know, is run at the state government's expense by a private concern; and, most importantly—this is outside my immediate portfolio—the government, through the Premier; Minister for State Development, is vigorously engaging with the commonwealth at every opportunity to make sure that we act in partnership with it because we have to recognise that the economic environment we now inhabit is very much an international one. We have to tap into international considerations and Australia-wide industry participation plans. We want to make sure that the commonwealth, as well as us, is working for our providers.