

RESOURCES SECTOR — LOCAL CONTENT REPORTS

Matter of Public Interest

THE SPEAKER (Mr G.A. Woodhams): Members, I received within the prescribed time today a letter from the Leader of the Opposition in the following terms —

I wish to raise the following as a matter of public interest today.

“That the House —

Condemn the Premier for breaking his promise to provide open and accountable government on the vital issue of WA Jobs from WA Resources and calls on him to release in full all local content reports held by his department.”

The matter appears to me to be in order, and if at least five members will stand in support of the matter being discussed—I notice that there are—the matter can proceed.

[At least five members rose in their places.]

MR E.S. RIPPER (Belmont — Leader of the Opposition) [3.01 pm]: I move —

That the house condemns the Premier for breaking his promise to provide open and accountable government on the vital issue of Western Australian jobs from Western Australian resources and calls on him to release in full all local content reports held by his department.

For 40 years this state has loved the idea of big projects, and for good reason. Governments have prospered when they have been able to secure the big projects, and governments have fallen when projects have been few and far between. The most recent example of a government falling when the projects were in short supply was the fall of the government of Richard Court in 2001, when the now Premier was the Minister for Resources Development. It should not be forgotten that one reason why that government lost office in 2001 was that when the Premier was the Minister for Resources Development, the state’s economy in that year actually got smaller.

I think circumstances are changing. The economy doubled on the watch of the Labor governments between 2001 and 2008. Nevertheless, Labor was voted out of office in September 2008. That example says to me that the public expects more now than just securing economic growth; it expects more now than just securing the big resources projects. It is not enough for the government of Western Australia merely to win the big resources projects if it can; the rest of our two-speed economy has to be addressed. One of my criticisms of this government is that we do not hear this government talking about other sectors of the economy. It is a resources-focused government. We do not hear it talking about manufacturing; we do not hear it talking about information technology or about biotechnology or about science and research, from which it has cut the funds. We hear a bit on tourism, but not nearly enough given the very poor state of the tourism industry in Western Australia. Many, many sections of our economy are doing it tough at the moment. We have more than a two-speed economy; I think some sections of our economy are actually parked—not moving at all—and they are not getting anything like the attention that they deserve from this government. They never hear any government minister talking about their issues.

But there are further requirements of the government beyond simply talking about all of our economy and not just the resources sector. The resources boom has to be managed for all of us. It requires the government to do things such as make a significant investment in training. The government has dropped the ball on training. We are not training nearly enough Western Australians to meet the labour requirements of the resources boom. Management of the resources boom, in the interests of all of us, requires a rational, coordinated, planned—10-year at least—state infrastructure strategy. What we have are the pet projects favoured by the Leader of the National Party and the pet projects favoured by the Premier. We do not have a rational, systematic, planned infrastructure investment strategy. Beyond that, though, the government has a serious responsibility to secure the benefits of the big projects for ordinary Western Australians.

I have to say that if a person examined the economic performance of this government, they would conclude that the jury is out on the question of getting the projects. There are projects such as Oakajee and Browse Basin, which the Premier has talked about a lot but which he has not yet delivered. So the jury is out on the question of getting the big projects. But on the question of the failure to secure the benefits from the projects we do have, the Premier and his government are guilty as charged. They have been failing on the question of securing the benefits of resources projects for other sections of our economy. Moreover, they are covering up on the issue; they are not being accountable on that issue, and, in so doing, they are breaking a solemn election promise. This is what the Premier promised in the election campaign —

The Liberal Party will move to restore integrity and will respect fair, open and accountable Government.

I want the government to be accountable on the question of local content, and I cannot get the government to reveal the information. So this promise of open and accountable government to the people of Western Australia has been nothing more than a cheap throwaway gimmick. It certainly has not been demonstrated on the question of local content. I asked the Premier whether he would release the local content reports that Chevron is obliged to provide under the Barrow Island state agreement. Section 15(3) of that act states that the Gorgon joint venture partners shall submit a report to the Minister for State Development at least monthly on the benefits to local industry and employees. The company is also obliged to report to the government when the company considers it necessary for work to go offshore. I have asked the government, in the interests of accountability, and in the interests of transparency on this vital issue, to table in this Parliament those local content reports from the Gorgon joint venture, and to table as well the government's response to those reports. The Premier refused to provide that information to this house on the basis, he said, that the material in those reports was commercially confidential.

A law in this state requires the Premier, when he refuses to provide information in answer to a parliamentary question, to notify the Auditor General of that refusal and to table that notification in each house of Parliament. Routinely, this Premier, who says that he prides himself on his integrity, flouts the law on the question of providing that notification to the Auditor General and tabling that notification in the Parliament. The Premier routinely avoids that accountability. The Parliament seriously put in place an accountability provision to prevent governments just willy-nilly denying information on the basis of commercial confidentiality. Under the scheme, if the Premier does that, he has to notify the Auditor General, and the Auditor General has to report on whether the Premier's decision was reasonable. We are not getting any reports from the Auditor General on the Premier's refusal to provide that confidential information because the Premier has adopted the expedient of simply failing to notify the Auditor General. The Premier's deliberate flouting of the law of this state has made it impossible for the Auditor General to do as the Parliament wants him to do, and he is the servant of this Parliament—that is, report on whether the Premier's refusal to provide that information is reasonable in all the circumstances.

We do not know how successful the government's attempts have been to secure strong local content performance from Chevron Australia. We do not know what Chevron has said to the government. We do not know what the government has said to Chevron. This goes for every other project and every other local content issue in the state. I am not necessarily singling out the Gorgon project; it happens to be the largest project. We have a circumstance that on all the projects we do not know whether it is just a postbox, whether there is a formulaic report and a formulaic response or whether the government actually rolls up its sleeves and does something on the local content issue, because the government will not release the correspondence. We know that many steel fabrication workshops are way below their peak employment capacity. We know that at the commencement of the Gorgon project the Premier told the steel fabrication workshops that workshops would be full, but many of them are empty or half empty.

We thought that we might try freedom of information legislation because, after all, the government had promised to be more open and accountable in the administration of freedom of information legislation. That, too, turned out to be a hypocritical throwaway gimmick in the election campaign. My colleague Hon Jon Ford sought a copy of all local content reports on the Gorgon gas development on Barrow Island from the Department of State Development, the Premier's own department. The information was refused by the department. The department said, in part —

State Agreements requiring reporting are considered confidential.

Local content or industry participation reports are highly confidential and contain commercially sensitive information.

We cannot get the information by asking a question in Parliament. We cannot get it by applying through freedom of information legislation. Does this not show the necessity for Labor's Skilled Local Jobs Bill 2011 to be endorsed by this Parliament? If that bill were endorsed by Parliament, there would be a requirement for these local content reports to be tabled in this place and available to the public. There could be open, systematic, robust and vigorous debate on this very important issue in our community. If that bill were passed, a local content agreement would have to be tabled on the floor of this house. What we have is secrecy; it is opaque and we do not know really what the story is on these local content issues.

I would like to know whether the government has received communications from resources proponents stating that the information is commercially confidential. The government says that it is commercially confidential. What is the government's evidence for the alleged commercial confidentiality? Does the government have a letter from Chevron, or from any other resources proponent, which it could produce and which would show that

that company considers the information confidential and why it does? I think we have a government that does not want debate on these issues and that is running scared and is under pressure on these issues and, therefore, does not want to add to the debate by revealing what I would imagine would be a very weak-kneed approach on the local content question. If the Premier thinks that these matters are genuinely commercially confidential, he should table the documentation and the communication from the companies in which they invoke that particular matter. The Premier should be prepared to give the notification, as required by law, to the Auditor General and subject himself to the judgement of the Auditor General on whether or not his response is reasonable. That is what the law provides. That is what Labor ministers did. That is what other ministers in this government do. The Premier is almost alone on this; he is so arrogant that he refuses to be bound by the accountability requirements that apply to every other minister in this state. We do not know whether the Premier has been weak or tough on local content, because we cannot see those reports.

These resources belong to the people of Western Australia. They know that we have got a historic opportunity to do so much more with this state as a result of the demand for commodities globally and the immense investment in our resources sector. Are we going to make the most of this for our people, or are we going to squander this opportunity? I think that we are in danger of squandering this opportunity because the government is not strong enough to stand up to the resources companies and ensure that work flows to other sectors of the Western Australian economy. The Premier is happy to stand up to Canberra for political reasons, but he is not happy to stand up for Western Australia when he is dealing with resources companies. The Premier is happy to stand up when he thinks there is some politics in it, but he is not happy to stand up when he is dealing with the commercial sector.

Mr C.J. Barnett: How did you go with Inpex?

Mr E.S. RIPPER: How did the Premier go on all those gas processing projects that he promoted on the Burrup Peninsula when the economy was actually getting smaller when he was the Minister for Resources Development in 1999? The Premier did not get a single project there, and he spent years travelling the world promoting that and giving the big visionary speeches, but not a single thing happened and the Premier is partly responsible. The Premier and his poor performance as Minister for Resources Development was partly responsible for Richard Court losing the 2001 election. The Premier could not deliver the economic growth that Richard Court needed to be re-elected in 2001. I think I would need more than two hands to count the number of major projects that the Premier has lost, particularly during that period in the late 1990s.

I want to raise one other issue. We do get some information about local content. It comes from press releases from companies, and sometimes communications from government. The government is happy to talk about commercial matters if there is work going to a Western Australian company; but all of a sudden, it becomes commercially confidential if the work is going to a foreign company. I do not think the government can have its cake and eat it too. I have doubts about some of the information, which is why we need to see the agreements. For example, Clough Joint Venture announced that it had won a \$2.7 billion Gorgon contract. If we read through the related article, Clough said —

... work for the EPCM contract will be conducted from two main operating centres in Perth and in London, with support centres in the US, Singapore, Indonesia and Japan.

The JV will also use several fabrication yards across South East Asia and Australia to support the planned 250,000 tonnes of LNG modules.

We do get announcements of local projects and local content, but when we go behind those announcements we see that a lot of that work is going overseas. For example, in the Kellogg Joint Venture Group head contract for Gorgon worth \$2.7 billion, which I have just been talking about, the vast majority of the engineering, procuring and construction work is done overseas. In the contract for the LNG jetty and marine structures, which is a \$1 billion contract, most of the jetty is manufactured in Malaysia and shipped to Western Australia. In the offshore pipe lay contract, which is worth \$1 billion, steel pipes are manufactured in Japan and finished in Malaysia. In a lot of projects we get announcements about local work, but when we go behind them, we find the announcements are not all they are cracked up to be. We want genuine, solid information on this issue. We want an open, robust public debate. We can have that open, robust public debate only if the government is prepared, as it promised, to be open and accountable, including on this issue. I know that this commercial confidentiality argument is by and large a smokescreen. I do not blame Chevron or any other resources proponent for the argument. I think that the government has made up the argument in order to avoid accountability. The government ought to come clean and table the correspondence so that we can have a proper, open debate. I think the government ought to review its opposition to our Skilled Local Jobs Bill. If we had something like that in place, it would be routine and systematic for such an open debate to be held on an absolutely vital issue. If the Premier thinks it is enough to go on and on about his efforts to get big projects and merely secure the projects, he has our modern community absolutely wrong. It requires a lot more from a Premier than it is getting from him. It

requires someone to manage this investment so that everyone goes forward at once and no-one goes backwards. It requires him to secure the benefits for other parts of the Western Australian economy, and he is failing.

MR P.C. TINLEY (Willagee) [3.20 pm]: This motion goes directly to what this government went to the people of Western Australia with at the last election and what it said it would do. This motion refers to leadership. This manifesto was the case that was presented to the people of Western Australia that said that the Liberal Party was good enough to govern and the Premier was good enough to lead the state in a global economy. The government has failed systematically, one step after another. The Premier is happy to dance the parochial provincial dance against Canberra and say that we are so hard done by over everything from GST to labour relations and any other component of federal spending. It is simply not good enough for the Premier to bash from within and not understand the leadership role that he has on a global scale. Many economic observers identify that Western Australia will be the second largest producer of LNG in the world. The government should step up to the concept that the game has changed. It should step up to the concept that this government stands almost at the epicentre of the global economic recovery driven by Chinese demand after that Indian demand, delivered by the people of Western Australia, whose one time-use resource is available to take the global economic crisis on the upward trend they so richly deserve.

Much has been said about the fabrication industry, on which we started this campaign to identify the government's weakness, but there is an even more important and pressing opportunity, and that is with the design and engineering sectors of this state. If we are going to be the second largest producer of LNG on the planet, why are we one of the poorest places for design and engineering for that same sector? Prior to 2006, we had nearly 5 000 engineers and designers in the LNG sector; today we have somewhere in the vicinity of 700.

Opportunities are available now. This is no attack on Chevron in Western Australia. We welcome its investment and its efforts. The attack needs to come from the government to keep these resource proponents honest about what they will do and what they are unable to do. Earlier last year Chevron announced that it had appointed Bechtel, a US company, to design the Gorgon LNG project from Houston. Chevron has an international supply agreement with Bechtel. The domgas processing plant, which is part of the Bechtel scope, is designed out of Houston, and the domgas metering station, some 70 kilometres outside the plant boundary, where the Chevron pipeline will tie into the Karratha to Perth pipeline, will be built locally. WorleyParsons was the successful bidder of that project. How does a successful company such as WorleyParsons get to design the metering station and not the opportunity to design something completely separate? It could be designed and manufactured here—at least the domgas processing plant part of it. We have the capacity to do that right now. I challenge the Premier to put his nose into that business, as he has done before with the mining CEOs, and understand the issue.

I also challenge the Premier to understand that Chevron, that same proponent, is undertaking work in Canada under the Hebron agreement that we have made much about in this Parliament and in this campaign. The design project for Hebron was won by WorleyParsons, a great Australian company that has produced outstanding results domestically and internationally—proof that Western Australian companies and Australian companies can dance the international dance and win. Where are they getting their engineers from? Engineers are global; they will roam. They will follow the projects. The ones who are following the projects into Labrador and Newfoundland are Western Australian engineers, and their families are pulling up stakes and we will not see them back here until the end of the project. Design costs are between five and 10 per cent of the total capital cost of a project. To drive the design from this state is not a project killer. Members cannot tell me that labour costs are the difference. They cannot tell me that a rising power producer, the second largest LNG producer in the globe, cannot attract itself as a centre of excellence for design and create what this state needs, which is a smarter economy.

This motion refers to leadership and understanding the opportunities for the one time-use resource for future generations of Western Australians to make sure that we are inoculated from the trends in labour force movements, globally and regionally.

I also challenge the Premier to look at the Wheatstone project. He should get his detailed briefing on it. We are receiving advice from various quarters that the Wheatstone project has already specified in its detailed design that it will use Japanese Industrial Standards steel specifications. Right out of the gate, our fabricators are hamstrung. They have to look at the concept of importing Japanese steel to be able to tender for these projects. It is a failure of leadership and a failure of the manifesto that this government took to the last election, and it is ripping off the people of Western Australia. It is not good enough to hide behind the facile mantra that the market will decide. Governments intervene all the time. The art of public policy is to create the benefit for all Western Australians. The Premier has failed in this regard. He has the opportunity here and now to redress it. He has the opportunity to stand accountable to his colleagues on both sides of this house and table those reports. If not, he should table the reasons rather than again giving us that throwaway line of commercial-in-confidence.

The Premier's opportunities are running out. The people of Western Australia are listening. We will let them know in no uncertain terms where they have been let down.

MR C.J. BARNETT (Cottesloe — Premier) [3.28 pm]: I will begin by making the observation that we have had a seven-week break and we are getting a re-run of an issue that the opposition has run at least three or four times in this house. It is an important issue. Did the opposition have no original thoughts for seven weeks? It has run this motion at least three or four times in this house. I do not know where members of the opposition have been. After seven weeks, they have come back and presumably dug up the last bit of work they did, which would have been seven weeks ago, and wondered what else they could do. They thought they would re-run the local content argument. The opposition has added nothing new; it has done no work. It has no original thought. What did members do for the past seven weeks? Did they do anything? I do not think they have done a thing in the past seven weeks. I have never seen such a lazy opposition as this. It is a deadset lazy opposition. It has come back with what it ran before the break. It is there for everyone to see. We will have the same debate we have already had three times. That is its most important message—let us have the same debate. Meanwhile, how many members opposite went down to the workshops in the break?

Mr E.S. Ripper: Yes, absolutely.

Mr C.J. BARNETT: One member went to the workshops during the break. Could the member not find any of his mates to go with him or were they too busy sunning themselves on holiday? Only one member, to his credit, the member for Willagee, went down to the workshops at some time in the seven weeks. None of the others bothered to go.

Mr E.S. Ripper: I went.

Mr C.J. BARNETT: The Leader of the Opposition did not bother to go.

Mr E.S. Ripper: I went; what are you talking about?

Mr C.J. BARNETT: He just stood and said that the workshops were empty. Which ones are empty?

Mr E.S. Ripper: I said that workshops were operating at half capacity.

Mr C.J. BARNETT: No; he said that they were empty or half full. He talked about empty workshops. Name a workshop that is empty.

Mr E.S. Ripper: I went to one workshop where at peak employment its staff numbered 80 and its average employment number is 50.

Mr C.J. BARNETT: Name the empty workshop.

Mr E.S. Ripper: It had 20 people on staff and two days later it laid off a couple of those. That's what I found when I went out to those workshops.

Mr C.J. BARNETT: Did the Leader of the Opposition find the empty workshop? He walks in here and talks about empty workshops. I heard him say it, but he cannot name it because it does not exist. Not every workshop is at or near its capacity.

Mr P.C. Tinley: That's what he said; I heard him.

Mr C.J. BARNETT: No; he did not. I heard what he said.

Mr A.J. Waddell: Don't play verbal games.

Mr C.J. BARNETT: Verbal games. Did the member for Forrestfield do any work over the winter break?

Mr A.J. Waddell interjected.

Mr C.J. BARNETT: I am going to be spending a lot of time in the member for Forrestfield's electorate.

Mr A.J. Waddell: Telling people about all the price rises you have put on.

The ACTING SPEAKER (Mr A.P. O'Gorman): Members! We have a motion before the house. The motion is about the Premier's breaking a promise, and I think the words should be tailored to this motion and not be loose attacks one way or the other across the chamber. It should be about this motion, and I will hold people to the motion. Premier, you have the floor.

Mr C.J. BARNETT: Yes, Mr Acting Speaker, I completely concur. Members should take the time to visit workshops and talk to the industry directly. We know that at least the member for Willagee did that. I agree with his comments. He may have had a different interpretation, but not only the mining industry but also the mining services, including fabrication and other construction and service activities, is very much a global industry. It is true; Western Australian companies do most of their work on projects in Western Australia. But Western Australian companies are also extraordinarily successful in exporting their services and their expertise

internationally. A significant part of some 200 Western Australian mining service companies is in the emerging African mining industry. We have to be very conscious of that in this debate. If we want everything done in Western Australia by Western Australian companies, we may close off the opportunities in export services, and some of these Western Australian companies may end up in future years—maybe a decade or two away—doing more of their work offshore than onshore. That might be the reality. Let us allow our industry to be not just a mining industry but also a mining services, technology, research and training industry in every sense. That is what this government is trying to develop. In any case, we are having a re-run of the previous debate, so I guess the best light we can put on it is that we are having a seven-week update on what we were talking about eight weeks ago.

Mr E.S. Ripper: Table the reports; let the debate progress. Give us some new information so we can progress the debate.

Mr C.J. BARNETT: Give us some new information!

Mr E.S. Ripper: Give the public new information.

Mr P.C. Tinley: Give us the report card.

Mr C.J. BARNETT: Give the member for Willagee a report card! I can tell him what the score would be; it would not be high.

Let me address some of the issues. Once again, local content is an important issue. Historically, in the mining industry we have had very high levels of local content—in the order of 85 to 90 per cent. They continue to be high levels. The issue, primarily, is about the petroleum industry, particularly some of the mega LNG and offshore projects that are being developed. I recognise that and I have put a lot of my time and the Minister for Commerce continues to put a lot of his time into this issue.

Mr E.S. Ripper: That's inspiring.

Mr C.J. BARNETT: That is ordinary. Members opposite cannot argue the issues so they get into personalities.

Several members interjected.

Mr C.J. BARNETT: They care more about the welfare of live cattle than they do of children in terms of exports. They do. They got more excited as a Labor Party about live cattle than they got about children who arrived here as asylum seekers. That is where their passion is.

Several members interjected.

Mr C.J. BARNETT: That is the truth. They had more to say about live cattle going to Indonesia than they had to say about children going to Malaysia.

Several members interjected.

Mr C.J. BARNETT: I have not heard a word from them yet about children going to Malaysia.

Several members interjected.

Mr C.J. BARNETT: I have not heard a word from them. They wear their hearts on their sleeves unless their Labor bosses in Canberra tell them not to, and then they do not care about the issue; they are agnostic.

Mr P.C. Tinley: I have spent too much time listening to children in my electorate suffering under your charter, mate.

The ACTING SPEAKER: Member for Willagee! Premier, I did say that I wanted people to come back to this motion. I do not see anything in the motion that refers to cattle or children or anything else, so I direct you to come back to the subject and deal with the motion.

Mr C.J. BARNETT: You are exactly right, Mr Acting Speaker. I simply made an observation on what is important to Labor members. I will go back to the issue of local content.

I will not repeat what has been said in debates on this issue on previous occasions. Local content clauses have been in the state agreement acts under various guises for some time. It is significant that even on the LNG projects where the state has limited bargaining power, the gas is in commonwealth waters. The commonwealth does not provide tangible support to the state on local content. It does not even provide tangible support to the state on reserving 15 per cent of the gas for the domestic market. In fact, it has refused requests by the state to do that. The Labor colleagues in Canberra of members opposite are providing no support in encouraging what we are doing and what the Leader of the Opposition tried to do in government; I recognise that.

Mr E.S. Ripper: I don't agree with that either.

Mr C.J. BARNETT: I am making the point. We are getting no support from the commonwealth in trying to get more benefits from natural gas for the domestic market and local jobs and local content for our industry. Whether it be here or even on the east coast, we get very little endorsement of that from the commonwealth, and this gas is in commonwealth waters. That is a reality.

Under state agreements, companies are required to report regularly. There was a clear failing under the previous government to enforce that. They were poorly enforced. Indeed, this government has placed greater scrutiny on companies. Members opposite said that the government had provided no further information but the Minister for Commerce put out a reworking of the local industry participation framework. For members who have not seen it, I will table a copy of that document.

[See paper 3742.]

Mr C.J. BARNETT: In response to previous debates in this house, I said we would provide a report on performance under local content. The Minister for Commerce prepared that report and it was concluded in May 2001. It is the first time in, I think, 60 years that a detailed report on local content had been prepared or tabled. Did members opposite read it?

Mr P.C. Tinley: Yes.

Mr C.J. BARNETT: The member for Willagee, the only member who did any work over the break, at least, to his credit, read it. If members have not read it, I again table the local content report.

[See paper 3743.]

Mr C.J. BARNETT: Members opposite have said there has been no further information. We have reviewed the participation; we are working with the Chamber of Commerce and Industry on the industry capability network to make sure it is more effective. At the Leader of the Opposition's request, I asked the Minister for Commerce to prepare a report, which he has done and which has been tabled. We continue to work with the particular projects to maximise the degree of Western Australian participation in not just fabrication, but all aspects of these projects. The scorecard will not be 100 per cent. For all sorts of reasons, components of this work will go overseas. I have also indicated to the major projects that, to some extent, this process of squabbling over individual contracts is not a very good long-term approach. I am urging that if overseas lead contractors are involved with major projects, they form strategic alliances with Western Australian trade and industry. I think that model is being picked up more and more. Some of the Clough work is an example of that. That model will be far, far better and will result in greater levels of local content in not just the end-stage fabrication but also some of the higher level tasks and some of the design and other activities. I hope those strategic alliances will continue to develop and become the dominant form of local participation. To some extent, if that happens, it will bring this debate to an end. That is what we are trying to do. The opposition continues to describe as a mining boom many of the big projects that I talk about. Maybe the events of this week have informed them that we do not have a mining boom. We have got a very fragile —

Mr E.S. Ripper interjected.

Mr C.J. BARNETT: Go out and tell the public they are in the middle of a mining boom, and they will laugh at you. That is why I do not talk about a mining boom. That is another debate for another time.

There is a fragility in the world economy. There is a fragility in the Australian economy far greater than the Prime Minister and the federal Treasurer seem to understand. Indeed, in parts of this economy there is some fragility—no doubt about it. If we continue to see this stock market instability, some of those projects will probably be deferred or delayed, and some may be lost. But we are fortunate that the big projects, the great mass of that investment, is being undertaken by world-scale companies that do not have issues of financing projects. They do it out of their own cash flow, and they have a capacity to take those projects through. It is important that we push those big projects at this stage, because this is the opportunity to build the capacity of the Western Australian economy—not only the projects but also the railways and the ports and the power supplies and the water supplies. In 10 years we will face intense international competition from Africa, South America and central Asia. If we do not get our capacity in place during this decade, we will miss the boat. That is why I concentrate so much on the big projects. I know people criticise it. I know people may not understand why I am doing it. It is because this is the historic opportunity. It is no good going off and working on other issues and forgetting this for 10 years, because the boat will have sailed. That is why we are doing so much on these big projects now, because that builds the capacity of this economy.

Many of these projects have not gone into construction. Gorgon is in construction. Oakajee is yet to reach that stage; it is still some time. The Browse LNG project hopefully will get into construction, but, again, construction itself is at least two or three years away. Probably where we are seeing most activity right now in addition to

Gorgon is some of the iron ore expansions that are coming on in the Pilbara very quickly. We are also seeing a number of projects, including some publicly funded projects, in the southern part of the state.

That work is starting to flow into the workshops now. Many of them have far higher levels of activity on their workshop floor than they had just six months ago. I will just give examples of some of the recent contracts that have been awarded. This is a flavour of what we will see in increasing numbers. On 23 May 2011, AusGroup, a WA company, was awarded a \$50 million contract to manufacture pipe spools for the Gorgon project. On 29 June 2011, the same group, AusGroup, was awarded a further \$12 million contract, including fabrication, testing, inspection, storage and so on. On 5 July Roy Hill Holdings advised that it had awarded \$40 million of contracts to Western Australian companies over a range of activities, obviously including fabrication. On 13 July 2011, Chevron awarded a contract to Cimvec in Kwinana for 10 000 tonnes of steel fabrication worth \$44 million. That alone created over 60 jobs in that business. The next day, on Thursday, 14 July, Chevron awarded a \$2 billion contract to Western Australian joint venture CBI Kentz as part of its electronics projects. That will create 150 jobs in fabrication at Henderson and a further 1 500 jobs on Barrow Island. In total, over \$4 billion of contracts were awarded from Western Australian projects to local companies during July 2011. The companies awarding that work were principally FMG, Rio Tinto, Chevron and Tropicana Gold. Over \$4 billion—so the work is flowing. That is in one month.

We can argue and argue about reporting mechanisms and all the rest of it. I am a fairly practical person. It seems to me the most important thing right now while the opportunity is there is to do all that it takes to get these projects underway and to do all that it takes in the current time frame to get as much of that work into local industry and to build the capacity of the mining and construction support industry. That is what we are doing. In the meantime, we are responding to the opposition's requests. We have revamped the local content process and the industry capability network. We have reported in detail on the local content performance on various projects.

What the opposition is on about is that under state agreements companies have a requirement to report regularly. It is a requirement that it did not enforce when it was in government. It was slack with it. The evidence shows that.

Mr E.S. Ripper: The workshops were full, weren't they?

Mr C.J. BARNETT: You were slack.

Mr E.S. Ripper: The workshops were full.

Mr C.J. BARNETT: You were slack in enforcing local content reporting. There is no doubt about it. This government has not been slack; we have enforced it. The opposition has come in here, having done no work, and tried to blame and attack this government. Okay, that is the role of the opposition. It just conveniently forgets the neglect during its time in government; it just conveniently forgets it.

Mr E.S. Ripper: When the workshops were full.

Mr M. McGowan: The projects were rolling in.

Mr E.S. Ripper: The economy doubled in size.

Mr C.J. BARNETT: Fantastic! Just like Inpex. They were all the way to Darwin!

What the opposition is seeking here —

Mr R.H. Cook: Accountability.

Mr C.J. BARNETT: Accountability from the Labor Party—give me a break. Does the opposition not understand it? It has not recognised that it was the most discredited government in Australia. No ifs and buts about it: that is what it was. It was a failed government—no doubt about it.

The Labor Party wants me to provide them with copies of the reports that resource companies make under their requirements in the state agreement. If I were to table them—I would have the capacity to table them—what do members think would happen to the quality, standard and authenticity of that reporting? Would it improve? No. Do members think those companies would be open and frank with the government about the sort of work that was coming up and the opportunity for local firms? No. The detail, the quality, the reliability of information—

Mr E.S. Ripper: I think they would be.

Mr C.J. BARNETT: I disagree. I think those reports would become less open, because the resource industry is very open with this government. It is very open and trusting of this government. The companies provide detailed information, because they trust us to use it in a proper way to consolidate it and try to ensure that their projects can benefit and that more work goes to the local Western Australian community through businesses and through local employment. If we take that away and say that all their details about their projects, contracts and tender

processes and where they are will be made public, I can guarantee that although we will still get reports, they will not be of the same detail or quality. That is why we will not table them.

MR J.M. FRANCIS (Jandakot) [3.47 pm]: I have to say that I actually feel a bit sorry for the moderates and the sensible people in the opposition, because clearly every single time they come out with a policy position and try to bring it in through a private member's bill or use the opposition time, the position of the Labor Party in Western Australia has been hijacked by the extreme left of the union movement. This is just another classic example. The extreme left of the union movement has absolutely hijacked the Labor Party in Western Australia. I will give one brief example from recent history.

Mr E.S. Ripper interjected.

Mr J.M. FRANCIS: Okay; I would love to hear the Leader of the Opposition's comment on this. I am going to talk about the biggest single state taxpayer-funded steel fabrication project in this state's history—the floating dry dock at Henderson. The floating dry dock and the extension of the eastern wharf were part of a \$90 million project, which ballooned out to \$174 million. That was originally funded with \$81 million from the state government, \$5 million from ASC and \$4 million from the Royal Australian Navy. I mention this, because it is recent history; it occurred towards the end of Labor's time in government. The upgrade to the infrastructure of the common-user facility was completed in early 2010. It is a 99-metre by 53-metre floating dock. It is a brilliant facility. It brings lots of jobs and lots of investment into the state. It is great for lifting my beloved Collins class submarines out of the water and moving them between the facility and the land.

The history of this is that in 2007 the Labor government awarded a \$62 million contract for the building of this floating dock. When it was originally announced in 2006, the cost of constructing the floating dock was to be \$35 million. In 12 months, in typical Labor fashion, it ballooned out to just over \$60 million. The history of this is interesting to look at. The government initially called for tenders for the floating dry dock in 2006, but balked at the higher cost of Australian construction. The original tender process highlighted 100 per cent local content in that steel fabrication project. Four companies were listed in the original tender: Ausclad from Kwinana; Leighton subsidiary John Holland; Tenix; and an eastern states firm, Forgacs. The tender came back, and it was so expensive the government just paused the project for six months. So it went for tenders again, and in the second round John Holland and Forgacs dropped out of the bid. It was put out to tender a third time, and local company Strategic Marine fabricated the floating dry dock. Where did it have it made? Vietnam. Within that government contract it was released from the requirement for 100 per cent local content. It is worth noting that Strategic Marine was ranked as WA's fastest growing private company in 2008 and even won the Western Australian Business News Rising Star Award. In addition to Vietnam, Strategic has yards in Singapore, Mexico and Australia.

According to the late, great friend and hero of the Labor Party, Jock Ferguson, in 2007 the manufacturing union accused the state government of selling out the local industry by sending the work for that particular dock to workers in Vietnam. Jock Ferguson said that the building of the floating dry dock entirely in Western Australia would have created another 250 jobs for 15 months directly and another 500 jobs indirectly. *The West Australian* reported him to have said, "We think it is a disgrace that the state government has not supported the local industry." He was talking about the then state Labor government. In reply to Jock Ferguson's comments, Alannah MacTiernan, the minister in charge at the time, reportedly said that the project had 64 per cent local content and that the government's investment would create many employment opportunities. She continued by saying that it was nonsense that the government would put money into a facility to attract industry and then have part of the infrastructure built offshore. Jock Ferguson replied, "How dopey is that?" Alannah MacTiernan then told Western Australian *Business News* that the high cost of Australian fabrication made it unviable to build the floating dock locally.

Dr M.D. Nahan: What year was that?

Mr J.M. FRANCIS: This was in 2007. I make this point because the former Labor government, in its last years in office, did the sensible thing with taxpayers' money. It knew it was right to be prudent with taxpayer money and to get value for money for the taxpayer. However, today, Labor Party members stand to say that it is not prudent for corporations to work to get value for money for their shareholders. The Labor Party has a different set of rules for itself when in government than it has for the private sector. It is absolutely hypocritical.

Mr J.N. Hyde: Member, is your coat made in Australia?

Mr J.M. FRANCIS: I am happy to go through the car park. I drive a Holden ute that might be 30 years old, but I know that it was, at least, made in Australia.

Mr P.C. Tinley: And the Jaguar, mate? Where was that made?

Mr J.M. FRANCIS: I sold that, years ago. Wake up; get with the times.

Speaker; Mr Eric Ripper; Mr Peter Tinley; Mr Colin Barnett; Mr Joe Francis; Dr Mike Nahan

There are two major contributing factors to why some of these industries are not as competitive as they could be: one is the cost of labour, and the second, which also impacts on the cost, is the shortage of skilled labour. That is what drives up production costs. I have been to Fremantle Steel, one of the big ones in my electorate, and I have been out to Westralia Steel at Henderson, and I have talked to them about why they sometimes struggle to compete with overseas companies in these tenders. If the member for Willagee had been out to speak to them, too, he would know this; he would know that it is the cost of labour. We heard yesterday the scandal about a pay rise for members of Parliament. I work about 80 hours a week, and on my parliamentary salary I earn about \$35 or \$36 an hour. A welder on the floor of a steel manufacturing plant earns more than 90 bucks an hour, plus super, plus insurance. It costs that much to put skilled labour on the floor of these manufacturing plants, and we can blame two things for that—the problem of bringing in skilled labour to Western Australia and the union movement for putting up the cost of labour. I am happy to refer to one of the more moderate, sensible and level-headed people in the Labor Party who have spoken on this issue. I refer to Martin Ferguson’s comments in March when he spoke to PerthNow. The story reads —

NO MANDATE: Resources Minister Martin Ferguson is opposed to mandating the level of local content used in the State’s major resources projects.

RESOURCES Minister Martin Ferguson has announced his vehement opposition to mandating the level of local content utilised on WA’s major resources projects.

In Perth for a raft of tourism-related engagements this weekend, the Minister ... suggested that imposing a minimum local content requirement on WA’s, and the nation’s, most valuable projects would stymie future investment.

“I’m actually opposed to mandating,” Mr Ferguson told a group of WA’s tourism industry leaders at a breakfast forum this morning.

“To mandate, that means there is no pressure on our industry in terms of cost competitiveness.

“That means we will not get the initial investments.

“Local content is not state specific, it’s Australia specific, we’re a nation.”

He explained that an incredible amount of work was already required to secure the enormous levels of capital to get the projects off the ground, and mandating the level of local content would add to the cost of delivering them within Australia.

If that is what the Labor Party in Western Australia is after, members opposite should put up their hands and say it, because that is what they are going to get if they keep pushing. Mr Ferguson continued, saying —

“It’s a tough world in terms of winning resource investment and capital is footloose,” ...

“In regards to Australian content we have to start focussing more on productivity to remain cost competitive.

“You can’t expect to get a contract when your cost structure is 60 per cent over some of the international comparisons.”

One month ago the Australian Steel Institute, the Australian Metal Workers Union, UnionsWA and the Association of Professional Engineers, Scientists & Managers, Australia, launched the “WA Jobs From WA Resources” campaign...

The group argued that the local fabrication industry was being devastated by the big resources projects sending their skilled work offshore.

However Mr Ferguson indicated that the definition of local content needed to be improved.

Do members opposite agree with Martin Ferguson? Anyone? Do we agree with Martin Ferguson, Labor’s federal minister on this issue? Silence! We all agree with the federal Labor Party when it suits us and we disagree with it when it does not suit us.

Several members interjected.

Mr E.S. Ripper: Absolutely; we are independent. We are the WA Labor Party.

Mr J.M. FRANCIS: During question time today, Labor members asked about the Productivity Commission.

Several members interjected.

Mr J.M. FRANCIS: Members opposite support the Productivity Commission on that!

Several members interjected.

Speaker; Mr Eric Ripper; Mr Peter Tinley; Mr Colin Barnett; Mr Joe Francis; Dr Mike Nahan

Mr J.M. FRANCIS: But they do not support the Productivity Commission on abolishing retail trading hours regulations. If the Productivity Commission said it, it must be right! It must be right because it came from the Productivity Commission! When it comes to disabled children, the commission must be right, but when it comes to trading hours, no, the extreme left-wing of the Labor Party pulls the puppet strings once again, and members opposite refuse to acknowledge that they got it wrong. Silence from the opposition benches. Their federal government colleagues know that they are wrong and have said that they are wrong. Members opposite are not prepared to stand today to say whether they agree with the federal Labor minister, Martin Ferguson, on this issue.

Mr E.S. Ripper: On local content?

Mr J.M. FRANCIS: Yes, on local content.

Mr E.S. Ripper: I do not agree with him.

Mr J.M. FRANCIS: Thank you.

DR M.D. NAHAN (Riverton) [3.56 pm]: I have already said a lot on this issue, but I want to share a really brief story in the two minutes that I have.

During the parliamentary recess, I took a break and went to Africa to visit my daughter who is working with refugees for the United Nations. That is a side issue. I stopped in Johannesburg and Gaborone in Botswana, and I went to Kenya. I saw two things that are very relevant to this debate. First, the Chinese are investing very heavily in infrastructure in Africa—a side point, but very, very heavily and are all over the place—and on every plane I flew, business class was full of Western Australian mining people. They were not only investing heavily in Africa, but also providing a whole range of mining services, including geophysics, accounting, law and exploration expertise. I met a group of environmental scientists who had graduated from Murdoch University and who are now employed by a whole range of firms, including Chinese firms, to do the environmental assessment in preparation for mine sites.

One of the weaknesses in the bill put forward earlier today was that it had, as Martin Ferguson also said, a very narrow definition of local content. Indeed, if we broaden the definition, we can see that local content in Western Australia is one of our great success stories; that is, we focus on the mining sector and projects that leads to a large amount of local activity not only in allied areas both in and outside the fabrication industry, but also in sustainable industries throughout the world. It is a phenomenal success story; it is one that we are aware of, and one that we should promote. I might add that the provision of mining services is one of the fastest-growing areas in our economy.

Question put and a division taken with the following result —

Ayes (23)

Ms L.L. Baker	Mr J.C. Kobelke	Ms M.M. Quirk	Mr A.J. Waddell
Dr A.D. Buti	Mr M. McGowan	Mr E.S. Ripper	Mr P.B. Watson
Mr R.H. Cook	Mr M.P. Murray	Mrs M.H. Roberts	Mr M.P. Whitely
Ms J.M. Freeman	Mr A.P. O’Gorman	Ms R. Saffioti	Mr B.S. Wyatt
Mr J.N. Hyde	Mr P. Papalia	Mr C.J. Tallentire	Mr D.A. Templeman (<i>Teller</i>)
Mr W.J. Johnston	Mr J.R. Quigley	Mr P.C. Tinley	

Noes (27)

Mr P. Abetz	Mr G.M. Castrilli	Dr K.D. Hames	Dr M.D. Nahan
Mr F.A. Alban	Mr V.A. Catania	Mr A.P. Jacob	Mr C.C. Porter
Mr C.J. Barnett	Dr E. Constable	Dr G.G. Jacobs	Mr D.T. Redman
Mr I.C. Blayney	Mr M.J. Cowper	Mr R.F. Johnson	Mr T.K. Waldron
Mr I.M. Britza	Mr J.H.D. Day	Mr J.E. McGrath	Dr J.M. Woollard
Mr T.R. Buswell	Mr J.M. Francis	Mr P.T. Miles	Mr A.J. Simpson (<i>Teller</i>)
Ms A.S. Carles	Mr B.J. Grylls	Ms A.R. Mitchell	

Pairs

Mrs C.A. Martin	Mrs L.M. Harvey
Mr T.G. Stephens	Mr M.W. Sutherland
Mr F.M. Logan	Mr A. Krsticevic

Question thus negatived.