

RESOURCES SECTOR

Motion

HON MARK LEWIS (Mining and Pastoral) [11.25 am] — without notice: I move —

That the house acknowledges the role of the resources industry during the global financial crisis and its ongoing contribution to the Western Australian economy.

I moved this motion today to acknowledge the contribution of the resources sector to the state and national economies. At the outset, I recently met with one of the large resource companies—I note this was prior to reading the report that I will detail throughout this discussion—and its executive did not understand the multiplier effect or the economic impact the sector had in the community. I raise this today because the Chamber of Minerals and Energy of Western Australia recently released a document titled “Economic reach of the Western Australian resources sector”. To some degree this is the missing link I have been looking over the last couple of years. It is an analysis of the role and the incredible importance of the resources sector to Western Australia.

I will discuss the issues in the notion of the recent concept of a two-speed economy and the role of the resource sector in this so-called phenomenon. I would also like to highlight some of the analyses within CME’s paper “Economic reach of the Western Australian resources sector”. Importantly, I will comment on the potential for the ongoing contribution of the resources industry to WA. Firstly, it is appropriate to give some background or a snapshot, if you will, of state and national resource economies. According to KPMG, which put this report together for CME, in 2011–12 the resources sector contributed \$169 billion, or 11 per cent, in value-adding to the Australian gross domestic product. With respect to WA, this comprises \$89 billion, or 41 per cent, in value-added terms to WA’s gross state product—the largest sector contributor in WA. In addition, nearly 143 000 jobs were created in the WA resources sector and, importantly, some 55 per cent of those are in the regions. These are clearly hefty numbers that demonstrate the resources industry has had significant impact on the Australian and Western Australian economies, and I will elaborate a bit further on that later.

I now turn to the notion that has evolved in the media, which has been made into fact, that the resource industry is somehow responsible for a two-speed economy and that this is not a desirable thing. The CME report is timely because it provides significant analysis to counter that notion and clearly demonstrates that the resource sector contributes to the Western Australian economy through significant value-added contributions that positively impact on the metropolitan Perth area, but, more importantly, without which we would have been significantly worse off. I make it clear that I am not saying that a truck driver in metropolitan Perth on the basic wage was or is as financially well off as a truck driver in the Pilbara. That is not the issue. The issue is whether the trickle-down or multiplier effect or, more correctly, the direct and indirect impacts of the resource, has improved the wellbeing of all Western Australians, regardless of the amount of financial remuneration that each might receive for undertaking the same vocation. I will use as an example a truck driver who works in the Pilbara but who lives in the metropolitan area and is clearly remunerated—we have no doubt about that—maybe two or three times that of a comparable metropolitan-based employee. However, my point is that this Pilbara worker comes home to Perth and buys a car in Perth because he or she has the wherewithal to do that. This in turn lifts the salesperson’s and dealer’s income so they now have more discretionary income. Those families then, like we all do, spend it on a range of family-owned retail outlets in Perth, who in turn have additional discretionary income and so on and so forth. As I indicated earlier, the CME report clearly indicates that this value adding is significant for regional WA. It is important because if ever there is a need to spread the impact, it is within regional towns and communities where any trickle-down impact is critically required. As we know, these regional towns are struggling due to the downturn of the other industries out there, particularly over the global financial crisis.

As I said, there is some very good analysis of the impact on the region, specifically with respect to regional distribution of the resource sector, the regional reliance on the resource sector and the contribution to regional communities. That is all contained within this report. I guess it is with this analysis in hand that I am now more confident than ever that the notion of a two-speed economy is a figment of the imagination of some economists, sections of the media and fellow travellers to demonise the industry for its success. Rather, the analysis demonstrates that the industry should be congratulated and supported for staving off almost near-recessionary forces that have affected other countries around the world. I am sure that without its contribution, we would have been significantly worse off, particularly those most in need.

I would now like to turn to the continuing and ongoing influence of the resource sector as we go forward. Again, this will be significant. The report makes it apparent that the resource sector will continue to contribute to Western Australia’s gross state product and Western Australian and Australian employment. Large percentages

will flow to Australia's GDP. I do not have enough time available today to go into that but it is in this report for the perusal of members. In addition to these macro contributions that the resource sector makes to the state and national economies, the resource sector will continue to have a major impact on regional communities, significantly contributing to higher levels of educational attainment—again, the supporting evidence is in this report—higher incomes, population growth, the development of infrastructure in the regions, and an increase in what we might call soft services. Regional communities will also continue to benefit from the resource sector through community investments by individual resource companies such as community grants, the development of projects that create employment, training and contracting, and active community partnerships that contribute to local projects. I am quite aware that the resource sector spends a lot of time with contractors to bring them up to speed in skills and requirements that they require in that industry, and that is only a good thing.

In April 2013 the Bureau of Resources and Energy Economics valued the amount of committed projects in WA at nearly \$142 billion. That is made up of 28 projects, of which \$105 billion, or around 74 per cent, are LNG projects, and \$28 billion, or about 20 per cent, are iron ore. In its analysis, the KPMG group also forecasts growth in WA's gross state product at 4.4 per cent. I am sure that the Treasurer would be happy to see that. That is for the 2014–15 year, which is ahead of the national gross domestic product figure of 3.1 per cent, which is consistent with what I have heard in recent times.

I recently attended a very informative CME function in Kalgoorlie where the Chinese acting consul general, Dr Liu Yutong, gave an excellent speech that outlined China's role in the resource sector going forward, which in my view reinforces what the CME's report is saying. In his address, he commented on the current economic situation of China, his perception on the prospect of the world's mineral economy and the Chinese dream, as they call it, and its essential meaning to the future development of a WA mining industry. With respect to the current economic situation, he noted that in the first half of this year, China's GDP growth rate reached 7.6 per cent, higher than the forecasted 7.5 per cent at the beginning of this year. He also noted that the Chinese government had published a forecast that by 2020 China's GDP volume should be double that of 2010. To achieve this goal, China's economy will need to maintain a seven per cent annual growth. He noted that former World Bank chief economist Mr Lin Yifu, in referring to development potential, said that China still has a robust GDP growth potential and could keep a growth rate of eight per cent for the next 20 years.

It is noted by KPMG in the CME report that there have been signs of slowing in investment within the resource sector. I think we are all quite aware of that, particularly over the past 12 months. Dr Liu also reiterated that in his address to us. Importantly, he noted that in the longer term, we should particularly take notice of China's policy of expanding domestic demand and its urbanisation process, as I mentioned earlier. The acting consul-general's third point of the Chinese dream is that there has to be significant collaboration with Australia, particularly WA. He also noted that the bilateral trade volume between China and Australia rose to \$122.3 billion in 2012. Importantly, he noted that the Australian iron ore export to China reached 340 million tonnes, accounting for 45 per cent of China's import volumes in 2012. These imports are clearly an important factor because in the first half of this year, Chinese investment in Australia increased by 83 per cent compared with the corresponding period last year. By my basic numbers, investment by China in Australia is still expanding. In the interests of time, it is important to note that the Premier's recent visit to China also reflects the bullishness, I guess, in the long term that is in this report. Although perhaps not at the peaks we have seen, there are huge opportunities in the future. This augurs well for Western Australia and for the contribution that the resource sector will make.

HON KATE DOUST (South Metropolitan — Deputy Leader of the Opposition) [11.40 am]: I rise to make some comments about this motion. Of course, the opposition agrees with the mover of the motion that the mining and resources sector is essential to the growth and development of our state. In the historical context, there are probably not too many members sitting in this chamber who would be here if we had not had the great opening up of our state in the goldfields with the discovery of gold by Paddy Hannan. We have to acknowledge the growth and expansion from those areas.

All the statistics provided by the member were very useful and we acknowledge that during the global financial crisis, while a number of other countries around the world were struggling, we were able to ride out with some ease—not total ease—the difficulties experienced by other countries and even other states in our country, because WA had a fairly vibrant resources sector. Although there may have been a slight dip in some sectors of industry at the time, we were able to recalibrate fairly quickly and get back on our feet. That was not just due to the mining sector. The former Labor government needs to take some credit for its time in power during that period. We opened over 170 mines. We were involved in setting up Gorgon, Karara, Mt Gibson, Sino Iron as well as all the other resource projects. I must mention oil as well, because there was a lot of change during our government's period there as well. A lot of things were happening leading up to the GFC, which I think assisted us to get over it. Members also need to remember that the federal Labor government instituted a very clear plan

to help all businesses and families across the country with the storm brought upon them by the GFC. It introduced two stimulus packages that over time poured huge amounts of money into households and businesses to try to help them ride out the difficulties. We have to acknowledge that that happened as well. There are some issues around how some of that was managed at the state level, and do not let me mention the Building Management and Works fiasco and how this state government handled the Building the Education Revolution project part of the stimulus package.

I know we go in dips and troughs with the mining sector from time to time and WA has always led the charge on being fairly open to diversity in this sector, which I hope continues. Although it was, and still is, important that we support the mining sector, we have to ask the question, which I think Hon Mark Lewis started to touch on a bit, about where the benefits flow. Did we really see the benefit of having such a vibrant mining sector that survived and continued to thrive during that very difficult economic period? Did ordinary people throughout the state really see the benefit? We have to ask ourselves how this government facilitated the flow-on benefit to the community. I must say that I do not think it has done it very well, and with those missed opportunities we are seeing the chickens come home to roost. We have just seen the downgrade of the AAA credit rating. We have seen the government have to break a series of election commitments because it can no longer afford to deliver on promises it made back in March. We have seen the government have to impose financial burdens on business by retaining things such as the duties tax on small business. The government now proposes cutbacks in the public sector of more than 1 000 jobs and significant cutbacks in our education and health processes. We have to ask ourselves whether, although we have this vibrant mining sector, we are really seeing the benefits now. Has that opportunity been squandered by this government? I have to say, yes, I think it has.

We are very focused on the mining sector, which is not a bad thing, but we have to acknowledge that other parts of industry needed to be supported at that time, and that is an area in which we missed our opportunity. The Premier of this state, who is now also the Minister for Science, talked about coming out of that period and he continually talked about the need to diversify our economy. He missed that opportunity because he did not put the money into that proposed diversification. In fact, he has cut back.

I will talk about my favourite area in which there have been cutbacks and opportunities missed—that is, the science innovation area. In a few weeks' time we will deal with this area through another piece of legislation to do with research funding in the minerals area. However, the Premier and this government have culled the funding to diversify that sector, and to support and help it grow as a sustainable industry to run alongside the mining and resources sector—that is, to not just run alongside the sector independently, but also support it and grow with it. The government needs to provide assistance to the resources sector to develop in other areas as well. There are significant mining companies that have their own specialist areas of innovation development and all power to them for doing that. However, this government has cut back on its funding and has now depleted our potential in the areas of biotechnology. Some work is happening in information and communications technology, but that is partially because of the awarding of the Square Kilometre Array project, a lot of which is federally funded. The government is now committed to doing that, but it should not be the only science project in town. There should be a clear plan in this state, which is missing, to put forward where we are going in the future including how we will develop various strands of the science community and jobs in those areas. We need to create job opportunities for our young people so that we do not have to say to them that their only option for employment is to go down a super pit; they can have other choices. Having those other choices is very important. I come from a mining family in Kalgoorlie and I am in the first generation of my family to get through to university. Most members of my family have worked in the mining sector and in some cases have spent their whole lives there, but people should have choice. This government, by not putting its money where its mouth is, has missed that opportunity. We saw this again with the government's recent budget cuts to the Department of Commerce. We know from the recent estimates hearings that significant numbers of staff will be culled from the innovation area and offered either voluntary or involuntary redundancies at a later date. The government will deny business the opportunity to have assistance and support to grow and develop new areas of work in this state.

Although I agree with Hon Mark Lewis that the mining sector has been our linchpin and should be one of our primary employment and growth areas in the future, as well as offer trade opportunities to other parts of the world, we should not deny ourselves other opportunities. We should not just be blinkered to the one area. We should ask: What we can do better in the science field? What we can do better in health, agriculture, education and all of our other areas of employment? How can we grow jobs in the retail sector? I agree also with Hon Mark Lewis that there are flow-on implications from the mining sector into jobs in the city. But the government needs to provide a clear blueprint or framework for how we can do things better in the future, so that when we hit a trough or slump, as we know will happen from time to time, people will not be caught short and left without employment opportunities. The Barnett government has missed the boat on providing such a plan. It accepted the stimulus package that came from the federal government and it accepted the benefit of a resource sector that was

able to ride out that tough time. But it did not come up with a way forward so that we can better manage those times of downturn in the future. I say to the government, “It is not too late. Come up with that plan. Talk about what you will do to diversify the economy. Do not go out and just do the media on it, but deliver an outcome for the state.”

HON ROBIN CHAPPLE (Mining and Pastoral) [11.50 am]: This is an important motion, which has three components. It talks about the role of the resource industry in Western Australia—an industry that I come from—the global financial crisis, and the ongoing contribution of the resource industry to the Western Australian economy. I want to touch on the global financial crisis. Many reasons have been put as to why Australia was able to survive the GFC. One of the key reasons is the strength of our banking sector. It is interesting that in the international media around the banking sector during the time of the GFC, there was virtually no mention of the Australian banking sector. That is because our banking sector was fiscally well managed. The only time during the GFC that the federal government had to get involved in the Australian banking sector was on 12 October 2008, when it announced a guarantee for all bank deposits of up to \$1 million, and also for the wholesale funding undertaken by banks. For that reason, Australia was able to survive the GFC remarkably well. Australia’s remarkable performance during the GFC was noted by former Reserve Bank of Australia governor Ian MacFarlane in March 2009, when he suggested that this reflected Australia’s four-pillars banking policy, which dates back to the time of the Hawke–Keating government in 1990 and prevents mergers between Australia’s four largest banks. Also, prior to the GFC, Australian banks had been asked to examine their fiscal management, and they had become quite fiscally conservative. That also helped the Australian banking system to survive the GFC.

A recent paper from the International Monetary Fund argues that there is a U-shaped relationship between bank competition and stability, and that an intermediate degree of bank competition is optimal. Although the data is messy, it appears that in 2008, Australia and Canada were the only two countries in the world that had an intermediate degree of bank competition; that is, it was neither competitive nor anticompetitive. For that reason, the banking systems in both Australia and Canada were able to survive the GFC. During the GFC, the smaller Australian banks were more reliant on wholesale funding, and that is why the government put in place the guarantee with regard to deposits below \$1 million. That also helped to ensure that those banks were able to survive the GFC.

A study by University of New South Wales social policy professor Peter Saunders attributes Australia’s resilience in the face of the GFC to two factors. The first is that as a nation we seemed prepared to share the burden of an economic downturn. People wanted to keep their jobs, so they did not argue when their employer wanted to reduce their working hours. Quite a lot of major corporations and companies in the retail sector in Australia actually reduced the number of hours worked by employees so that no jobs would be lost, and the workers were prepared to take that on board.

The second factor is the federal government’s stimulus measures, which gave quite large one-off payments to people at the bottom of the income spectrum. It has been argued that the Labor government made a tactical mistake during the GFC. I do not agree with that view, but that has been argued. The argument is that if the Labor government had allowed the GFC to impact on Australia, and had put in place a fiscal rescue package only after 500 000 people had lost their jobs, people would have understood what the GFC meant to Australia. The problem was that the Labor government did such a tremendous job in protecting jobs at that time that nobody knew that there was a global financial crisis. It has been argued that we could have created 1.4 million jobs had we allowed the GFC to take effect and then resolved it after the event. It is unfortunate that many people in Australia do not believe the GFC actually occurred—in much the same way that many people in Australia do not believe in climate change. I had to throw that in!

I agree with Hon Mark Lewis that our mining sector was one of the linchpins that kept us going during the GFC. In 2009, total Chinese investment in Australia was \$16.6 billion. That made China the twelfth largest investor in Australia. It is interesting to look at the figures that led up to that. According to the Australian Bureau of Statistics, in 2005 China invested \$2.27 billion in the Australian mining sector; in 2007, it invested \$6.24 billion; and in 2008, it invested \$8.5 billion. That is a fairly consistent graph going upwards. But, bang, in 2009, in the middle of the GFC, China doubled its investment in the mining sector to \$16.9 billion. A lot of the money that came into Australia during the GFC was from Chinese investment in Western Australia. We need to remember that a lot of the profit that is being made in the mining industry is coming from the sale of some of that sector to the Chinese.

I turn now to an interesting article in today’s *China Daily* about the city of Zhaoyuan, known as China’s gold capital. The headline of the article is “Golden Age’s Days Numbered”. The next line in the article reads, “City seeks other ways to turn an honest penny.” The newspaper quotes the director of the city’s gold bureau as being concerned that the gold mines in China will be exhausted within 15 years as the country cranks up output. The article goes on to state that China National Gold Corporation, the country’s only central government-backed

enterprise in the gold industry, is keen to buy mines overseas, such as GoldCorp Inc of Canada and Newcrest Mining Ltd of Australia. That is what we really have to worry about.

I will quickly turn to another point that we have to worry about—that is, the damage being done at the moment to our mining sector, and its Chinese investment, by Mr Clive Palmer. Most people will know that Clive Palmer is the originator of the CITIC Pacific Mining development near Karratha. He is currently blackmailing the Chinese because he has control of the port. CITIC Pacific has produced material ready to be put on a ship. Litigation is now going on because Palmer has control of the port and is stopping CITIC Pacific from exporting its ore from WA for purely personal pecuniary interests. The message that I am getting from major mining corporations is that that particular activity is doing more damage to our mining sector than the global financial crisis could have ever done.

HON COL HOLT (South West — Parliamentary Secretary) [12 noon]: To allow other members to have a say, I will make a very brief contribution to the motion. It is pretty hard not to agree with the motion moved by Hon Mark Lewis. There is no doubt in my mind that, without our resource industry, Western Australia would have been extremely hard hit by the GFC. If I can expand on the motion a little, I am sure that, without the contribution from the resource industry in Western Australia, Australia would have been extremely hard hit. I am sure that the world's greatest Treasurer in 2011, Hon Wayne Swan, would have been very pleased to have a resource sector such as that in Western Australia contributing to the Australian economy. I have done some brief research on why Hon Wayne Swan was given that great honour. I will quote one article, which states —

“Swan has undoubtedly been blessed with a number of advantages, including inheriting a sound economy and the natural resources bounty that has allowed Australian trade with China in particular to boom.

There is no doubt in my mind that Western Australia was the major player in the resource boom, especially into China.

I note that Western Australia was again recently at the top of the ladder in economic growth and economic outlook. It is one of the states in Australia that continue to drive the economy not only within this state, but also Australia-wide. I am sure that no-one in this state would deny the major role that Western Australia plays. Some other states probably have not made the tough investment decisions that Western Australia has made in the past under not only this government, but also previous governments, as Hon Kate Doust mentioned. We have made some tough decisions; we have made some investments throughout the state. Not only is Western Australia now reaping the benefits, but also the whole of Australia is reaping the benefits, as was recognised in the award attributed to Hon Wayne Swan in 2011.

That leaves us with a challenge. It leaves Parliament, as the representative of the people of Western Australia, with a bit of a challenge. When do we get recognition from Canberra and the other states not only for the role that Western Australia plays in the economy, but also that we need an increase in investment by the federal government back into Western Australia? Our investment and returns are going across the Nullarbor at an increasing rate. I think it is time that we, as a Parliament, stood up to ensure that we get some of those funds back. Western Australia is 39 times larger than Tasmania. I reckon that presents some unique challenges for this state, as we all can see as we travel around, and for our investment. We want to continue to contribute to the federal economy. We want to keep contributing to Australia. We are Australians first, and Western Australians second. We want to contribute to a strong Australia. We need to do that by continuing to make some wise investments in not only our resource industry, but also some other opportunities that we know we should be tackling.

I suggest that we, as a Parliament, need to start to put pressure on our federal colleagues. It does not matter what shade of government is in power in Canberra at the time; we all recognise that we are a little forgotten over here. Often the results of elections are announced even before our polls have closed. Politically, we are a little irrelevant; we are a little impotent. It is about time that that was changed and that we send a message that we are part of this great country and we are driving a lot of the investment in, and return to, every state in Australia.

We have talked about the Browse Basin in recent times in this house. I acknowledge that if that process is taken offshore with a floating option to process the gas, we know that a lot of that money will go through the petroleum resource rent tax. We know it will come straight out of the waters just off the Western Australian coast, head off over the Nullarbor and land in the lap of perhaps the next greatest Treasurer. Who knows? He might get that award.

Hon Peter Katsambanis: And we will never see it again.

Hon COL HOLT: We will never see it again, because it will be distributed along the east coast. I am sure that some of it will find its way across Bass Strait to the great state of Tasmania. I am happy for there to be a fair bit

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of investment in other states to keep building our great nation, but, at some point, some of that investment must come back across the Nullarbor. I am pretty sick of the petroleum resource rent tax going across the Nullarbor without too much being seen in return. I encourage the new representatives from Western Australia to stand up and be counted. I suggest that it will be a bit harder in this federal Parliament because of the numbers on the floor of the house. We might be able to get our 15 members of the House of Representatives to stand on one side of the house, but they will be outnumbered greatly by those from the other side of the country. Therein lies our challenge. We should put pressure on all our representatives, all the people we interact with every day and friends within our own parties who travel over there. Perhaps we should start talking about a percentage of the petroleum resource rent tax. Maybe 25 per cent would be a good way to recognise the continuing investment that Western Australia makes, and the continuing role that Western Australia plays, in our national economy. We need some help to keep investing in the ways that are needed to build a state that is 39 times bigger than Tasmania, because it delivers some unique challenges for us.

Hon Stephen Dawson: I might have missed it, but are you still calling for the sale of Tasmania?

Hon COL HOLT: No; I think we should put a yellow sticker on Tasmania, put it over the pits and see how we can rejig it so that it becomes a racing economy again! I say that jokingly because I do not want to disparage Tasmania.

We recognise through this motion that the resource industry plays an incredibly vital role for Australia and for Western Australia, and it is time that we got some investment back from Canberra to help us continue with that.

The DEPUTY PRESIDENT (Hon Adele Farina): I take this opportunity to remind members about the motion. The motion states —

That the house acknowledges the role of the resources industry during the global financial crisis and its ongoing contribution to the Western Australian economy.

HON PETER KATSAMBANIS (North Metropolitan) [12.09 pm]: It is with great pleasure that I rise to speak to this motion. I congratulate Hon Mark Lewis for bringing it to the house and I very much support the motion that the Council acknowledges the role of the resources industry during the global financial crisis and its ongoing contribution to the Western Australian economy. I not only acknowledge the role of the resources industry but also congratulate it for what it has done for this state over many years and will continue to do in the future. In the short time available to me today I do not intend to restate the figures Hon Mark Lewis presented to highlight the great contribution the resources industry made to Western Australia and the whole of Australia during the GFC; that is on the record and well acknowledged. I ask members to remove those figures from Australia's gross domestic product figures and think about what would have happened had the resources industry not been chugging along and continuing to grow and to provide employment opportunities during the GFC. Australia would have gone into recession, absolutely no doubt about that; the figures speak for themselves.

It was interesting to hear the contribution by Hon Kate Doust. She talked about the spend-athon that the federal Labor government undertook during the GFC. We all remember the pink batts scheme that unfortunately led to the deaths of so many people who were installing them at the time; the burning down of people's houses; the cash-for-clunkers, which was another disaster; the overpriced school halls; and all those other ridiculous plans. How about that plan in which the government sent \$900 cheques to foreign backpackers, and when they left Australia the government tried to track them down to say, "You haven't cashed your cheque yet"!

It did all that, spent all that money and drove us into debt, and what then happened when it worked out it had run out of money and tickets for borrowing overseas? It came up with the grand plan to tax the Western Australian resources industry. It came up with its mad minerals resource rent tax, the MRRT. Originally it was the resource super profits tax; there were three versions, including the one that Ken Henry proposed in his tax review. He made hundreds of recommendations in that review, many of them very logical, but they were completely ignored by Kevin Rudd and Wayne Swan, who plucked out only one: the one through which they could get a quick cash grab from the Western Australian resources industry. The Labor government ran with the resource super profits tax; that did not work. It then came up with a cobbled-together version; that also did not work. Kevin Rudd got rolled, Julia Gillard came in, and then the government sat down with the three big mining companies in a room and let them write up the tax; that is what Labor did. Do not let it be said that somehow or other the grand spend-athon of the Rudd-Gillard-Swan Labor government saved Australia from the GFC; it did not. It was primarily the resources industry in Western Australia, because it kept chugging along as the engine for growth and at the end of the day, when the federal Labor government had run out of money, it tried to milk the resources industry for even more money. However, because it was an incompetent federal Labor government, it put together a tax that did not actually collect any money. That is what it is like; it is incompetent. I have been through that before

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in this house, and I am sure I will discuss it again because I keep getting wonderful opportunities to do so. Let it be on the record that it was the resources industry that saved Australia from the GFC.

I am actually one of the GFC refugees who came over to Western Australia at that time. When the mining tax in its various forms was proposed to be introduced, I was relatively new to Western Australia; I had been here only a very, very short time. It was amazing to see the reaction from ordinary people who were not directly employed in the resources sector in WA; they might have been working in a restaurant or a retail store, or running a small business, such as gardeners, house cleaners and the like. They all instantaneously realised that they were direct beneficiaries of the growth and continuing development of the resources sector in Western Australia which is why the ALP got absolutely clobbered in WA in the 2010 federal election. That trend continued in the 2013 state election, as members know, and again in the recent 2013 federal election. The people of Western Australia realised that although they may not have been directly employed in the resources sector, our state and our city were significantly dependent on the wealth generated by that sector.

It was illuminating for me to be in such a place—as I said, I was quite new to the state at the time—and to realise that ordinary people absolutely got it. If we tax the life out of the resources industry, everyone in Western Australia will suffer. Do not let it be said that it was Kevin Rudd or Wayne Swan with his little plastic gong that he got from some place overseas, calling him the world's greatest Treasurer. It is interesting that Paul Keating was once world's greatest Treasurer; Wayne Swan was also world's greatest Treasurer. The best Treasurer that Australia has had in my lifetime, Peter Costello, did not need the plastic badges or the Mickey Mouse gongs; he delivered growth for this —

Several members interjected.

The DEPUTY PRESIDENT (Hon Adele Farina): Order, members! It might be helpful if Hon Peter Katsambanis directed his comments through the Chair rather than inviting interjections. Members, Hon Peter Katsambanis has the call.

Hon PETER KATSAMBANIS: Do not let it be said that it was some sort of Canberra solution that protected Western Australia and the whole of Australia from the GFC; it was the engine room for growth in Western Australia, our wonderful resources industries.

Hon Robin Chapple, who is out of the chamber at the moment on urgent parliamentary business, raised the issue of investment from China, and I do not think he raised the matter pejoratively; in fact, I did not at all understand his raising of the issue to be at all pejorative. I welcome foreign investment to this great state; I absolutely welcome it. Foreign investment has been driving Australia essentially since the First Fleet in 1788, and we continue to attract foreign investment because we are a great place to do business. I welcome that investment and, like Hon Robin Chapple, share our investors' concerns when they start to shudder a bit. I am glad to say that, with the change in federal government, a lot of the issues around taxation, red tape and green tape et cetera seem to have disappeared for our foreign investors. No matter where the investment comes from, I welcome it, as it continues to drive growth in our state and right across our country, which leads to more job opportunities for Western Australians and greater prosperity for all of us.

In the short time I have remaining I will touch on issues raised by Hon Kate Doust about innovation. Again, I think her contribution had a bit of merit to it in the sense that we want innovation, we want to promote innovation and we would like to see our economy diversify. But where the Labor Party does not seem to get it is in the fact that it goes back to that old socialist model that, somehow or other, it is government that is going to drive innovation. The best thing that government can do to drive innovation is to create a low tax environment and to get out of people's way so that they can innovate. Cut the red tape, cut the green tape, and when people want to come in and innovate but come up against a barrier, they should be able to come to government and seek assistance—to have regulations changed, to introduce legislation, or, occasionally, to provide some very small seed funding, but it is up to the private sector to innovate. We are not going to pick winners. If we go down the path of throwing money at people we think are going to be winners, we will not be winning, we will be losing very heavily. I congratulate Hon Mark Lewis for this motion and I am very proud to support it.

The DEPUTY PRESIDENT: Order! Two people are seeking the call, but I cannot give it to both within the time remaining, I am sorry. Having just given the call to two members of the government, I will now give the call to —

A government member interjected.

The DEPUTY PRESIDENT: I acknowledge that, but three government members have just spoken, so I give the call to Hon Darren West.

Hon Mark Lewis; Hon Kate Doust; Hon Robin Chapple; Hon Col Holt; Deputy President; Hon Peter Katsambanis; Hon Darren West

HON DARREN WEST (Agricultural) [12.19 pm]: I did not intend to speak on this motion, but having said that, I commend the member for bringing it to the attention of the house. We on both sides of the Parliament acknowledge the role of the resources industry and its useful contribution to Western Australia not just at present but for more than 100 years. I also acknowledge the cohesion between the community and the mining industry in both aiding and establishing mining projects and the repayment of that faith in investment by the mining industry back to Western Australia. I felt I needed to add something to the debate following Hon Peter Katsambanis's remarks, which, sadly, sent the debate off into a debate about fiscal management. Hon Peter Katsambanis made some outrageous comments about this issue. I will touch on a couple of things. Of course, on our side of the house —

Hon Peter Katsambanis: Do you support the mining tax?

Hon DARREN WEST: I will get to that in a minute. I have a response to some of the members' comments. I do not have long, so I promise I will get to them.

Hon Peter Katsambanis interjected.

The DEPUTY PRESIDENT: Order, members! Hon Darren West has the call.

Hon DARREN WEST: We will always fight for the plight of those who work in the mining industry and we are saddened by some of the things we see in this area. We are saddened by the Western Australian state government saying one thing and doing another. On the one hand it promotes the resource industry and is prepared to stand behind it at all costs but on the other hand, it refuses to commit to training its workers and to invest in education for the children of mining families. The government wants to charge valuable workers who hold 457 visas \$4 000 to send their kids to school despite the fact they pay their fair share of tax. Those workers come to Western Australia to aid the resource industry and help get the work done, so to speak. Also, recently the government has increased fees for technical and further education courses. On the one hand, the government is saying it commends the resource industry, but in real terms it is not doing anything to support it. The mining industry needs trained and educated people. I agree that the mining sector contributes heavily to the state's economy. I will touch on one of Hon Peter Katsambanis's comments. He does not seem to realise that despite all the pre-election budget emergency crisis the then federal opposition talked about, the national economy has kept its AAA credit rating by all three ratings agencies. The state economy has not, so how come the big contributor to Australia's economy cannot even keep its own AAA credit rating? It is absolute hypocrisy for Hon Peter Katsambanis to say the former federal government was fiscally irresponsible while applauding Troy Buswell as the Treasurer of Western Australia with the shambles that man has created. We will see the adverse effects of that for generations to come.

If the resource industry is such a contributor, why do we not whack a couple of floors on Princess Margaret Hospital for Children? We will not because, despite the huge surge of input from the mining industry, funds are going into other things such as royalties for regions to help get more Nationals elected. Rather than do something to help all Western Australians and build for the future, the Liberal-National government is all about today; it talks in three-word slogans—little one liners. Of course we need a diverse economy. We in Western Australia need to look beyond just the mining industry. Other industries make valuable contributions but have been cast aside by the state government. I refer to agriculture and to the digital office at the Department of Commerce. If anyone does not believe the digital economy is the economy of the future and argues against the National Broadband Network and the need for such digital futuristic job-creating diversification and value-adding, they should not be in this place. Those people are stuck in the realm of the 1960s. We need to be more progressive than that. Although it is difficult for a conservative government to be progressive, members opposite may want to cast their eyes on Western Australia's future.

Hon Peter Katsambanis: You still haven't talked about your position on the mining tax.

Hon DARREN WEST: I do not see the words "mining tax" in this motion, I am terribly sorry. Have another read of the motion.

Hon Peter Katsambanis: You do support the mining tax.

The DEPUTY PRESIDENT: Order, members!

Hon DARREN WEST: I do not see the words "mining tax" in this motion; I am terribly sorry. The member should read this motion. I am surprised he made a speech without reading the motion. Although my points are brief—I have had only a short time and the interjections keep flowing—of course we support that the resource industry has been great for Western Australia for a very long time, and we will continue to be and should be supportive. But we need to think outside this box and set up Western Australia as a better place for our children

Extract from *Hansard*

[COUNCIL — Thursday, 24 October 2013]

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Hon Mark Lewis; Hon Kate Doust; Hon Robin Chapple; Hon Col Holt; Deputy President; Hon Peter Katsambanis; Hon Darren West

so that in 50 years' time people in this place will say that the digital economy was good for Western Australia too.

Motion lapsed, pursuant to standing orders.