

MANUFACTURING AND ENGINEERING — LOCAL CONTENT AND JOBS

Motion

MR M. McGOWAN (Rockingham) [4.02 pm]: I move —

That the Barnett government be condemned for its failure to act on the important issues of local content and jobs in the manufacturing and engineering area.

This is an issue of incredible importance to Western Australians. This is an issue that has been under-covered by our state's media. This is an issue that has been under-emphasised by our state government. This is an issue that needs some real effort to be made by our state government and some real coverage by our state's press. This is an issue that all of us as members of Parliament need to realise is of great concern to thousands of Western Australians and to thousands of businesses around our state.

The issue of local content is basically this: it is about maximising local jobs out of the mining industry in this state. Our mining industry is doing well. Projects are springing up all over the place. All sorts of ventures are getting legs in the Pilbara and throughout the state and are commencing. Of course all those ventures require manufacturing of plant and equipment to make sure that they can operate. One of the central roles of this state Parliament should not be just to pass legislation to allow these projects to happen. It should not be just to have the relevant government departments put in place the approvals and so forth for these projects. That is actually the easy bit. The role of this state Parliament and this state government should be to maximise the benefits for Western Australians out of these projects in Western Australia. That is where it gets tough, and that is where we need government to take a leading and important and proactive role to make sure that these things happen. However, despite the opposition—Labor—taking up these issues over the past two years, fulsomely, aggressively and constantly, we have seen barely any action out of this state government.

We know that there have been major increases in the unemployment rate in this state. The unemployment rate has doubled from when the Barnett government took office. We know also that the youth unemployment rate is chronic. In some parts of Western Australia, young people are not able to get into jobs. Seriously, in a state like Western Australia, where the mining industry is doing so well, where so many projects are starting up, and where so many projects are upgrading and expanding their operations, it is a disgrace that we have that level of unemployment, particularly youth unemployment, among our citizens.

I want to commence with something that is incredibly topical and of public importance today. That is what has come to light in an article by Peter Kerr in today's *The Australian Financial Review*. We all know the history of the Oakajee port and rail project in the Mid West. We all know the history of the Mid West mining province that will access that port to be constructed just north of Geraldton. We all know that. We also know that last year, the Premier went on a visit to China. In fact, the opposition encouraged—indeed, begged—the Premier to go on a visit to China. China, along with Japan, is one of our biggest trading partners. The Premier has been to China, and he has been to Japan. The Premier came back from China, and he made some noises about how he might have to integrate China—or Chinese activity, perhaps Chinese workers, perhaps Chinese work—into some of our projects as a consequence of his visit to China. But we did not realise what has come out of that. That has now come to light in an article in today's *The Australian Financial Review*. Peter Kerr talks in that article about the current goings-on in the development of the Oakajee port. We know about the seeking of a delay in approvals. We know the Premier's views on how the project should have been established had he had his way. But there is something about the state development agreement that was signed by the Premier, as Minister for State Development—an agreement that the Premier has never made public—that we did not know. I will tell members what that is. I will quote from the article —

Murchison executive chairman —

Bearing in mind that Murchison is one of the partners in the construction of the Oakajee port —

Paul Kopejtka denied that speculation yesterday, and said the company did not need equity funding from China to complete the project.

Mr Kopejtka said the companies were required by its agreement with the West Australian government to have Chinese involvement.

I quote his comment as stated in that article —

“We see that as being through provision of rail cars, fabricated steel structures, engineering and construction services,” he said.

I will say that again. The director of one of the partners in the Oakajee port proposal, just north of Geraldton, is quoted as follows —

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Mr Joe Francis; Mr Roger Cook; Dr Mike Nahan

Mr Kopejtka said the companies were required by its agreement with the West Australian government to have Chinese involvement.

“We see that as being through provision of rail cars, fabricated steel structures, engineering and construction services,” he said.

So, the state government and the Premier of Western Australia have signed an agreement that guarantees manufacturing and fabrication work for Chinese companies in China. But the Premier has not done anything of the like for Australian manufacturing companies here in Perth—here in Perth! How could the Premier have done that?

Mr C.J. Barnett: Do you not seem to recall that it was your government that awarded preferred developer status to Oakajee Port and Rail and thereby —

Mr M. McGOWAN: It is a Japanese company! Is the Premier saying that we did an agreement with the Chinese to that effect?

Mr C.J. Barnett: No. You excluded China under your arrangement.

Mr M. McGOWAN: Okay. Let us go to that. I was at the cabinet meeting. The arrangement was as a consequence of a competitive process that took some time, maybe a couple of years. It was a competitive process. Chinese companies and Japanese companies were competing to get the rights to construct the port project. At the end of that competitive process, through a properly probity-managed process, it threw up the winning competitor—namely, Murchison Metals, Oakajee Port and Rail and Mitsubishi. That process came up with that group as the successful bidder. Surprise, surprise! Cabinet said, “Okay, that’s the outcome through a probity-checked process, we will accept that outcome and we will get a port constructed by the private sector.” What the Premier has done —

Mr C.J. Barnett: And did you?

Mr M. McGOWAN: Hold on! That was two weeks before the election was called and, as the Premier knows, he won. The Premier says that every day; I think he dreams about it. Therefore, the Liberal Party was successful in the election. The port would have been constructed by a private sector operator at no cost to the state. Those are the facts, but the Premier interfered, he went to China and he was duchessed up there and he came back and signed a state development agreement in which he ensured that the manufacturing of plant, rail cars, fabricated steel structures and engineering and construction services on a project in our Mid West has to be constructed and undertaken in China. How unpatriotic is the Premier? How unpatriotic is he? The Premier is an unpatriotic person to this state. The Premier sold out Western Australia, he did not ensure that Australian companies had those rights and he did not ensure that my constituents in Rockingham and constituents in Cockburn, Kwinana and the like have the opportunity to do that work. But the Premier did ensure that Chinese companies in China no less had the right under his agreement to undertake that work. That in my view is traitorous to the state of Western Australia. The Premier gave no assurance to our state that we would have the same rights as companies in China no less. Surely, as the Premier of Western Australia, he should have been in there fighting for Western Australian fabricators, Western Australian manufacturers, Western Australian workers and Western Australian companies to get these sorts of jobs. The information that has come to light today indicates that the Premier must now release the state development agreement so the public can see the secret deal that he has made in relation to this project, which guarantees work to another country and does not guarantee that work to this state. The Premier must release that state development agreement now!

Mr C.J. Barnett: What secret deal? That is a wild accusation!

Mr M. McGOWAN: Has the Premier not been listening?

Mr C.J. Barnett: I have listened to every word you said.

Mr M. McGOWAN: We all know! A Public Accounts Committee report released in this house last week—the Premier probably missed that—indicated that there were some concerns about the Oakajee project and perhaps the state development agreement should be released.

All I am saying is that there is a document out there and we had a tantalising glimpse of what is in it from the statement by Mr Kopejtka, the executive chairman of Murchison, which is one of the successful partners. We had a tantalising glimpse of what is in it whereby the Premier guaranteed work to Chinese companies in China ahead of Australian companies. We want to see what the Premier has actually signed this state up to—that is what the Premier needs to release. We have been demanding that now for some considerable period and it is about time that the Premier came clean and released that document. That is what the Premier needs to do.

Extract from Hansard

[ASSEMBLY — Wednesday, 24 November 2010]

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Mr Mark McGowan; Mr Fran Logan; Mr Murray Cowper; Acting Speaker; Mr Paul Papalia; Mr Peter Tinley;
Mr Joe Francis; Mr Roger Cook; Dr Mike Nahan

We raised the issue of local content last week in this Parliament and will continue to raise that issue because it is becoming plain that this government and this Premier have no intention of intervening in the slightest to help Western Australian and Australian companies ahead of their overseas competitors. All we are saying is: surely, as a state, the government can undertake some action. I suggested in the house last week—I have suggested it a number of times and I will continue saying it—that as part of the approvals process the government needs to put in place local participation plans that comprehensively set out the amount of work that will be on offer to Western Australian companies. At present, when state agreement acts go through, there are a couple of lines about best endeavours—that is it! I understand that some of the mining companies are not too keen on local content—others are. I understand some of the mining companies pursuing projects are out there saying that they will undertake their activity only in China. I raise again the Reed Resources stock exchange announcement about its Barrambie vanadium project in which it specified the use of Chinese equipment and services for its project. I understand that some companies have that attitude; however, I am saying that, as a sovereign Parliament and a sovereign state, we should be able to insist up-front that they put in place major local participation plans to set out what is available for Australian companies and Australian workers from these projects. People in the industry invested their money on the basis that this Premier said two years ago that the workshops will be full, and they now have workshops basically operating at 20 per cent capacity and they are laying off people. Those people all have an expectation that the Premier will do something to confront the Reed Resources of this world. But now they have learnt through *The Australian Financial Review* that the Premier has done secret deals as part of the Oakajee development to guarantee manufacturing and fabrication work to Chinese companies in China. That is what they have learnt. I will read to the house an email that I received, which was sent to all the ministers, from John Taylor, who runs a company called Fitti Steel Fabrication. The email states —

I did offer an invitation to the Premier to take a walk at grass roots level within our industry along side me when I had to terminate the employment of ten people last week but alas I did not get to meet him. The invite was to make him aware that it's the everyday tax payers of this state that are affected, that these people have to go home to their wives & children the future of our state and tell them that they no longer have employment and the prospects of attaining work in our specialised field will be zero for at least ninety percent of the men & women who are put off now just before Christmas.

Last week I read to the house an email of a similar style whereby people are being laid off and there is absolutely no intervention by, and no interest from, the government in actually doing something to at least provide a prospect of local manufacturing jobs based on the mining industry. There is a crescendo of claims in relation to this matter, but this is not a one-off. Manufacturers last night went to a meeting in Kwinana put on by the Industry Capability Network, which is a worthwhile organisation, but it is not enough. At the meeting were 120 to 150 people who run some of those manufacturing companies in Kwinana, Cockburn and throughout Perth. Those people were asking, "What do we have to do to get a cut of the action?" They are some of the best trained people in the world and they have some of the most modern workshops in the world. They are in close proximity to the mining sector in Western Australia and they are saying, "We're laying people off; what do we need to do to get a cut of the action?" What they might need is a government that was actually on their side!

Mr F.M. Logan: The Premier isn't here.

Mr M. McGOWAN: They need a Premier who would perhaps take a walk at the grassroots level and sit in this place. They need a Premier who would perhaps sign agreements to guarantee Australian and Western Australian work, not work for Chinese companies. We know that all sorts of work in manufacturing, fabrication and engineering design is being lost offshore and we know that we have the capability to do that work in Western Australia, but the government simply does not have any political will to examine things such as local participation plans up-front as part of the approvals process to ensure that our companies have that opportunity. We hear the weak excuses! I have a letter from the Premier that he sends out to people saying that he cannot do anything about it. The letter states —

The Government is bound by the World Trade Organisation which restricts local content measures.

Other states and countries manage to do it! Victoria does it, yet the Premier puts out this rubbish that the government is bound by the World Trade Organization, which restricts local content measures. The commonwealth government puts billions into industry assistance. I think it puts \$16 billion a year into various forms of industry assistance. The commonwealth government takes the view, as I said last week, that a car industry is of value to Australia. Okay, there might be a premium that people have to pay for it. I agree with it. An economic purist would not agree with it, but I agree with it. There is something to be said for a country having a manufacturing capacity to manufacture motor vehicles. That requires a small tariff from Australia and in the past, members might recall, has required some assistance for manufacturers. The commonwealth government takes the view that sometimes governments need to intervene to assist. As I said, an economic purist

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would probably say no. To be honest with members, in the interests of ordinary Western Australians, at some level our cars would probably be cheaper if we did not have a tariff, and it would mean that we would lose the car industry out of Victoria and South Australia. I believe that would have long-term ramifications for security and training issues for the whole country, but cars in Western Australia might be a little cheaper. I reckon if I walked along Hay Street Mall and asked people about that, 95 per cent would say that it is important that Australia retains a car industry. I would say to the government that it is important that Western Australia retains local content for the mining industry and it is important that Western Australia has a government that does not make excuses.

I suggested last week to the Premier that he hold a local content summit. I do not think it is a silly idea. I suggested that we use this chamber and we do it soon. The Premier can come in, he can chair it and we can have all the players here—the mining companies, the manufacturers, the representative bodies, the unions, the government—and we can listen to all the arguments. Then it might penetrate the Premier's head and it might penetrate some of the big mining companies—for instance, Reed Resources, which does not seem to care—that this is actually an issue of some importance; that perhaps the government needs to engage with all those people and companies that have invested their money in this state and employed workers; and that it needs to do something about this issue.

There is an idea for the Premier to take up. Instead of hiding his state development agreement for Oakajee port, he can release that report, he can hold a local content summit, he can look at what other states do and he can put in place local participation plans, and suddenly we might see the situation in Western Australia turn around. We owe it to all those people—those who have invested their money, those who have trained themselves, those who have pulled themselves up and those who work in these tough, hard, demanding industries—to do that for them. We owe it to them; they are the people who keep us alive. We sit in this building, I might add, Premier, in air-conditioned comfort. They are out in hot, sweaty workshops where they work long hours in difficult conditions. I believe that we as a state Parliament have an obligation on us to do something for them.

I have made a number of suggestions to the Premier. They are all the sorts of things the Premier can do. I think the Premier would be mad not to take them up.

MR F.M. LOGAN (Cockburn) [4.23 pm]: I cannot believe that we are in this place, only a few days after having a debate in this chamber about local content, having to raise the issue yet again with the Premier and having to go back over some of the examples that we gave, which the Premier himself said were good examples. The Premier indicated that we raised a number of very good issues. The Premier is constantly on the record saying, "We're a government of action." Is this a government of action only on approving major resource projects in this state for foreign-owned companies and doing nothing else, apart from signing environmental approvals, signing off on planning approvals and giving subsidies to those companies to set up in Western Australia?

Mr C.J. Barnett: Who has had a subsidy?

Mr F.M. LOGAN: Oakajee port.

Mr C.J. Barnett: There's no subsidy in Oakajee. What a foolish concept!

Mr F.M. LOGAN: I think there is at least \$339 million worth of Western Australian taxpayers' money going into a port that will be used completely, it appears, by Chinese-owned companies. If that is not a subsidy to Chinese companies and to the Chinese government, tell me.

Mr C.J. Barnett: It's not.

Mr F.M. LOGAN: Tell me! Tell me!

Mr C.J. Barnett: It's not. I'm just telling you it's not. There's no subsidy in it.

Mr F.M. LOGAN: How much of that money will actually end up in Chinese engineering companies' pockets as a result of what we found out today?

We raised last week the disgraceful announcement by Reed Resources, which went out and brazenly said, "We are going to cut 20 per cent of the costs of setting up our vanadium plant at Barrambie by getting all our engineering design and all our fabrication done offshore in China." It brazenly said that. The reason Reed Resources has been encouraged to do that and the reason it feels safe and secure in making that announcement is that it knows the Premier is weak. It knows that the Premier is going to do nothing about it. Does Reed Resources believe that the Premier will pick up the phone to its chairman and say, "That's disgraceful if you do that. I demand you to come into my office and you explain to me why you are putting out all this work to China"? Does the Premier think the chairman of Reed Resources and its directors are worried about that phone

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call? Of course they are not. Why not? It is because, as we found out in this place today from *The Australian Financial Review* article, it appears that there has been some secret deal between the Western Australian government and possibly Murchison Metals —

Mr C.J. Barnett: I don't think so.

Mr F.M. LOGAN: I am sorry, the operator of the —

Mr C.J. Barnett: What are you trying to fantasise about?

Mr F.M. LOGAN: Did the Premier do that in the state development agreement? Did the Premier put in the state development agreement any provision —

Mr C.J. Barnett: Who put out the tender?

Mr F.M. LOGAN: No, no; forget about the tender. The Premier signed off the state development agreement. Did that state development agreement insist that work would go offshore to China?

Mr C.J. Barnett: No.

Mr F.M. LOGAN: Obviously Mr Kopejtka was not telling the truth.

Mr M. McGowan: Release the agreement.

Mr C.J. Barnett: Why would I release it to you? I couldn't trust you for a moment.

Mr F.M. LOGAN: Mr Kopejtka is obviously not telling the truth.

Mr C.J. Barnett: I am.

Mr F.M. LOGAN: Who is telling the truth? Is this statement by Mr Kopejtka actually wrong?

Mr C.J. Barnett: It might be.

Mr F.M. LOGAN: And it might not. Maybe the people of Western Australia and maybe this house should find out what the truth is, to see exactly —

Mr C.J. Barnett: Maybe you've grossly misinterpreted his comments.

Mr F.M. LOGAN: Why would this industry spokesperson come out and make a statement like this in a national newspaper if there is not one particle of truth in what he —

Mr C.J. Barnett: Because the capex of his company has dropped \$70 million in the past 10 days.

Mr F.M. LOGAN: I understand that, but he is fairly confident —

Mr C.J. Barnett: Is he?

Mr F.M. LOGAN: He is fairly confident that if the company sends offshore to China all of this work, which is railcars, fabricated steel structures and engineering construction services, the Premier is not going to do anything about it. He is fairly confident about that.

Mr C.J. Barnett: Whose contract is that going to be?

Mr F.M. LOGAN: He is fairly confident about that; otherwise, he would not have said that to a national newspaper. The Premier can get on his feet and he can explain exactly what this means. What this house wants to see, what the people of Western Australia want to see and, more importantly, what the engineering industry wants to see is the deal that the Premier has done that is going to further destroy engineering and fabrication for companies in Western Australia. For example, the three railcar fabricators in Western Australia are virtually on their knees at the moment because mining companies continue to outsource their railcar fabrication to China. How does the Premier think they will feel when they read *The Australian Financial Review* today, which says that the state government of Western Australia, the Liberal-National government, agrees that these railcars should be sent offshore to be fabricated in China? How does the Premier think railcar fabricators in Western Australia will feel? They are already battling in Western Australia to try to get those contracts from mining companies that know that they can get them done cheaper in China. Why can they get them done cheaper in China? It is because the Chinese keep their labour costs down—by force. China acknowledges that its labour costs are too low. Its own government acknowledges that its labour costs are too low. To take advantage of that exploited labour in China, mining companies in Western Australia give those contracts to China. What is happening now? The state government is supporting them to do that.

Mr C.J. Barnett: When did you discover this so-called secret deal with China?

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Mr F.M. LOGAN: It appeared to me this morning when I read *The Australian Financial Review*. We know that the Premier signed off on that agreement. His fingerprints are on this. We want to see exactly what is in that agreement. As we said only a few days ago, on the basis of what the Premier has said—that Western Australia will be going through one of its best economic periods because of the investment that will be going into the oil, gas and mineral sectors—people have made decisions. They have put their money where the Premier’s mouth is and invested heavily in major facilities to take advantage of what they think is a boom.

I gave the example last week of Civmec Construction and Engineering. The disgraced former Minister for Commerce, the member for Vasse, opened that giant fabrication facility in Henderson. That company invested in the biggest fabrication facility in Australia—it is brand spanking new—to take advantage of those boom times that the Premier has described in this house on many occasions. How many people work in that facility at the moment? That facility can take 800 people—400 people on each shift. That facility has 20 trade assistants wandering around with brooms sweeping up the dirt. They are not very happy with the government on the basis of the Premier’s failure to intervene and demand that these companies invest in Western Australia.

Last week we discussed what the government can do about it. As a minimum, the Premier can at least pick up the Victorian industry participation policy. The participation policy will apply only when the Victorian government’s funding or provision of a grant exceeds \$3 million in metropolitan Melbourne or \$1 million in regional Victoria. It catches a lot of companies. The plan requires tenders to estimate the level of value-added activities in Australia and New Zealand, the number of newly created and existing jobs retained, training and skills development technology transfer and the implementation process of those things that will be contained in the tender. I do not believe that goes anywhere near close enough to ensure that we get maximum true value out of these resource projects, but it is the minimum that should be done. I table that policy as part of this debate. Will the Premier give a commitment to examine the VIPP and adopt it as a minimum for Western Australia? Last week he asked what policies we would put in place. Here is the policy that the Victorian government uses and it is a successful policy. In my view, it does not go far enough but at least that is the minimum. Will the Premier adopt that?

Mr C.J. Barnett: I will look at it.

Mr F.M. LOGAN: Will the Premier give a commitment to adopt it?

Mr C.J. Barnett: I will look at it. I give that commitment.

Mr F.M. LOGAN: I table the document.

Mr C.J. Barnett: You can’t table it. Send me a copy.

Mr F.M. LOGAN: I will leave it on the table for the rest of the day’s sitting.

[The paper was tabled for the information of members.]

Mr F.M. LOGAN: The Premier continues to say that his government is a government of action. He should not just approve mining and resource projects in Western Australia. He should not simply gladhand people at the top end of town by approving their mining and oil and gas projects. How about looking after the other end of town—the Kwinana and Welshpool areas of this city where the real employment is? That is where thousands and thousands of people, who are the lifeblood of this state, are employed in associated industries. They are on their knees because of the decisions made by directors and chairmen of companies many miles away, not just from Perth but from Australia. The Premier can stand up for Western Australia and these industries. He can act like the Premier of Newfoundland with the Hebron agreement that we went through the other day. It does not mean that we breach World Trade Organization rules. It does not mean that we breach free trade agreement acts. It means that the Premier can act in the best interests of this state and defend fabrication and manufacturing industries in Western Australia.

MR M.J. COWPER (Murray–Wellington — Parliamentary Secretary) [4.35 pm]: It is great to be back out in the sunshine and contributing to this debate. People might think that the Murray–Wellington electorate is simply a —

The ACTING SPEAKER (Mrs L.M. Harvey): Are you the lead speaker?

Mr M.J. COWPER: No, I am not the lead speaker. I just want to make a bit of a contribution.

People might think that the Murray–Wellington electorate is simply about cows and growing the vegetables that keep this great state growing, but it is more than that. If members want to come and look at what happens in the electorate, they will see that we are the third largest mining region in WA, with Alcoa, the Boddington goldmine up the road, Worsley and mineral sands. We contribute to the mining sector quite significantly. Something is happening down my way. We have a new industrial area that was developed by LandCorp. All of the blocks

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Mr Mark McGowan; Mr Fran Logan; Mr Murray Cowper; Acting Speaker; Mr Paul Papalia; Mr Peter Tinley;
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have been sold. A trickle of people have been coming to Pinjarra from Perth to take advantage of what is happening down our way and a number of significant companies have decided to set up business.

It was interesting to hear the member for Cockburn talk about a big new facility in Kwinana. I also have a big new facility in Pinjarra. It is called Murray Engineering. For those members who do not know, Murray Engineering is primarily owned by Byrnecut Mining, an American concern that operates out of Kalgoorlie. In conjunction with a company called ThyssenKrupp Steel, one of the biggest steel mills in Germany, it has invested \$25 million in a new facility to look after and service the mining sector in Western Australia. It is doing contract maintenance work on mining equipment and all the associated equipment that goes with it. The director, Steve Coughlan, is a man of great vision. Not only has he been able to attract investors from America and Germany, but also one of the major investors is a fellow by the name of Count Claudio Zichy-Thyssen. Believe it or not, he is German royalty. He is a count of some renown. I have never met a count before. It is a bit different from the member for Bassendean. The only count he ever came across was Count Dracula in *Sesame Street*. Count Zichy-Thyssen is a man of vision. He has a great interest in Western Australia because he sees it as a bit of a frontier and cannot understand why we are not doing a bit more and getting the state going at 100 miles an hour. He has invested a lot of his money to set up employment opportunities. In fact, he has created 150 new employment opportunities in Pinjarra alone. That includes about 40 new apprentices, which is fantastic, across seven streams, including fitters and turners, welders, boilermakers and auto-electricians and associated apprenticeships to do with the refurbishment of mining equipment.

The key point that members need to know is that, along with that \$25 million investment, Murray Engineering has also put in place a state-of-the-art double-storey training facility. This is very significant to the people in Pinjarra, Waroona and Harvey in my electorate. In the past when apprentices had to do their theory, they had to travel to Perth and make accommodation arrangements, which was problematic. I am very pleased that this company, in partnership with a training facility company whose name escapes me at the moment, is setting up a training wing at this location. Apprentices will be coming not only from across the district but also from a range of companies, and there will be 150 training places for them in the mining and engineering sector. This will be a new concept and they will be able to go from the training facility into a working environment to do training on the ground.

Mr A.P. O’Gorman: Got any contracts from Gorgon?

Mr M.J. COWPER: I will get to that in a second.

The building has only just been constructed and approximately 50 people have been employed there thus far. It is expected that 100 will be employed there by Christmas and about 150 in the new year. When the Premier recently came to visit Pinjarra and the Shire of Murray, I managed to steal him away for a few minutes to go and look at it, and I am hoping he might come back down with the Minister for Training and Workforce Development, because we are actually chasing some funding for the training centre so we can get this thing going at full speed.

It is hard to describe this facility; it is state-of-the-art and brand new. There is a gymnasium and a canteen, and there will be a range of associated industries looking to do the contract work for this company. The Steve Coughlans and Count Zichy-Thyssens of this world have invested very heavily into what they anticipate will be a period of sustained growth. Without even going out and seeking to advertise jobs, they already have jobs coming out of Griffin Coal. While we were there, the Premier got to see them repairing heavy cables for the electric shovels and refurbishing some very weird-looking underground mining equipment. The whole process is very interesting. They take a machine that has been virtually worked to death and refurbish it; they strip it down, weld it, paint it, put it all back together and ship it out. They are shipping equipment out to the local area and are also getting contracts for equipment from the north west and the Goldfields. They have also recently got a whole heap of gear coming out of Argentina. It will come to Fremantle, be sent down to Pinjarra to be refurbished and then sent off somewhere else in the world. All of a sudden, the sleepy little hollow of Pinjarra is going to become a very important part of the sustained growth that the Premier has been talking about. It is very easy to come into this place and start talking about the government making all these promises; I am sure that we all appreciate the impacts of the global financial crisis, but there are some people out there who are prepared to put their money where their mouths are, and this is an example of a company that is doing it. It is actually getting the work and pumping the gear out the door. It is not even advertising or trying to canvass opportunities or jobs, because it simply does not have to; the work is falling into its lap. When this gets up and going, I anticipate that it will become a very important corporate citizen in my community. As the vice-president of the local footy club, I have already signed up the company as a major sponsor of our football club. I am hopeful that the people who take up the apprenticeships that will be on offer will be absorbed into our local communities of Pinjarra, Waroona and Harvey so they can actually form part of our communities and be seen as part of a village that revolves around the mining industry.

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One of the biggest problems facing my part of the world is the idea that the metropolitan area is encroaching and pushing its way south, and that we will become part of the integrated metropolitan scheme; we do not see ourselves as part of the metropolitan area. We see ourselves as an autonomous and very important part of this state that has been very important to Western Australia in years gone by. We want to establish ourselves as a village revolving around working, manufacturing and servicing. We do not see ourselves as part of Mandurah, which is virtually a retirement village with a lot of tourism. Our economy is not based on that and it has a different ethos; throw in a bit of horseracing for the member for South Perth, and members can gain an idea of what is going on. The notion that nothing is happening is not evident down my way. I have a great story to tell, and I encourage anyone who wants to come down. I would be more than happy —

Several members interjected.

Mr M.J. COWPER: What is happening down our way is a breath of fresh air. We have some of the biggest earthmoving companies —

Mr F.M. Logan: Come to Kwinana, I'll show you the other side of the story.

Mr M.J. COWPER: I am happy to come and visit; I am quite familiar with it. Why is the member so bitter? Why does he not come and see the good news story I have?

Mr F.M. Logan: “Why so bitter?”—you idiot! We're losing thousands of jobs overseas, and you ask why we're so bitter? I knew you were a moron, but I didn't know you were that stupid.

Mr M.J. COWPER: There was something that Jethro Tull mentioned—thick as a brick.

The ACTING SPEAKER (Mrs L.M. Harvey): Member for Cockburn, I will not tolerate outbursts like that again.

Mr M.J. COWPER: It is very important to us, and I am genuinely inviting members to come down and have a look; I think it is a great story. All of these companies are coming down there because they can see great opportunities. We have some of the largest earthmoving businesses in the state in my electorate, working in many mining operations around the place. Carna Earthmoving Pty Ltd won a category of the 2010 South West Small Business Awards. Harry Carna's primary working area is in the north west and he is always up and down with his heavy mining equipment. This will create great opportunities for our communities and will help to keep our young people in our communities rather than having to send them off to places where they will be challenged by contemporary issues to do with modern city living. I would like to keep them back in Pinjarra, playing for the local footy club, being involved with the local community, and building on it for the future.

MR P. PAPALIA (Warnbro) [4.46 pm]: I am proud to stand in support of this motion and the courageous and dedicated manufacturers—those entrepreneurs who have built up the industries of Western Australia that are now so under threat as a result of the inaction of the Premier and his government. I am proud to support those hardworking skilled citizens of Western Australia who work in the workshops owned by those entrepreneurs who are threatened by an uncaring Premier, who has just left the chamber. I am proud to support this motion because this is probably the most significant issue to confront Western Australia at the moment. In my opinion, it is one of the key issues confronting the entire nation. It is in the national strategic interest that we have a sustainable, robust manufacturing and steel fabrication industry. Although it is incredibly important to support these employers and these workers at this time, this is an even bigger issue than that. This is a situation in which the very industries that support our capacity to defend our nation are under threat. These industries do not only provide support for the mining industries to the north and to the east, or fabrication and manufacturing support to offshore industries. On a long-term basis, these industries build our warships and our commercial shipping, should we ever continue to pursue our commercial shipping industry; we do have a small commercial shipping industry. Beyond that, these are the same industries that build vehicles in other states, as indicated by the member for Rockingham. In South Australia, they build the defence industry, and we have missed out on that opportunity. We have been duded in our opportunities to expand the defence industry here in Western Australia.

Dr M.D. Nahan interjected.

Mr P. PAPALIA: I will tell the member who has contributed significantly to that—this government. The previous state Labor government established a defence industries board, with its membership comprising people from every major defence industry participant in the state and representatives of all the minor participants. The previous government also developed the Defence Industry Skills Unit, which went into our schools with active initiatives and innovation to draw young people into that industry. However, beyond that, we were developing the capacity to go out and lobby on behalf of our Western Australian defence industries, our Western Australian manufacturers and fabricators, to ensure that in between the boom-and-bust cycle of the offshore industry or the

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mining industry, they had the opportunity to tap into the long-term, consistent demand for service and manufacturing that was represented by the Defence Materiel Organisation. We did that. We actively went out and sought a way of assisting that industry—the people who are now under the pump as a result of missing out on the opportunities presented by the current boom in the mining industry. However, we went out there to try to sustain them in the interim with the defence industry, and we were having some success—not anywhere near the sort of success I would have liked, but we were getting there to the extent that the Defence Materiel Organisation had recognised our programs and was willing to fund us with training initiatives in the state school system and by trying to replicate the aerospace high school concept that was established in Queensland.

The current government received \$2.4 million shortly after the last state election, given directly by DMO, to work towards establishing a maritime version of that aerospace high school in Queensland. That money has just disappeared. Not only that; the government has disbanded the board. The government's Red Tape Reduction Group came in and looked for committees that it could get rid of, and it got rid of a really practical, effective, well-represented, active board that was going out and representing Western Australian industry, manufacturers —

Mr J.M. Francis: That's why the member for Warnbro was the chairman of it.

Mr P. PAPALIA: Actually, at the time I was not. I had handed over chairmanship, and Mike Deeks, the senior representative of Raytheon in Western Australia, was the chair. When the government got rid of that board, Mike Deeks was the chair, and Mike Deeks was actively lobbying the government and its ministers to ensure the retention of that board, because —

Mr J.M. Francis interjected.

Mr P. PAPALIA: Yes, the member would know Mike Deeks, would he not?

Mr J.M. Francis: Mike Deeks is an excellent man.

Mr P. PAPALIA: The industry saw that board as providing an opportunity to have the state government working hand in glove with it to try to extract Western Australia's share from the federal government. The government abandoned that board. The government completely dropped the concept of the skills unit, and it has abandoned the industry. That was a small component generally of what these people do. It was, as I said, an opportunity to fill in the troughs in between the peaks that are represented by the mining booms. However, what the government is doing now is a bigger threat. It is now demonstrating that in Western Australia the only people who have the ear of this state government are those in big industry, and they do not care. Unless they are compelled to do so, they will not give Western Australia its fair share. I am proud to stand here and speak on this motion and on this issue, because this is a good Western Australian issue. This is a good Labor issue, but, beyond that, it is a good national issue. It is in the national strategic interest that we have a strong, robust, sustainable fabrication and manufacturing industry, not just on the east coast in Victoria and New South Wales, or in South Australia where the government has this as its flagship assault on trying to attract federal industry and other industries to the state, but also here in Western Australia. It is essential.

The member for Jandakot would be aware that we have achieved the build of the floating dock. Thanks to the previous Labor government, it has been delivered to Western Australia. However, the member would be aware that, despite the size of that thing, it is only half the deal. Currently, even our own Navy, which is not very big, has in the order of a third to a half of its major combatants that cannot be lifted out of the water between Adelaide in South Australia and Queensland, if we go around the coast of Australia in a clockwise direction. I believe that is not acceptable. I do not believe that it is in the national strategic interest when large major combatants cannot be lifted out of the water; I am talking about when the air warfare destroyers are on line, and also the current ships of the size of HMAS *Sirius* and HMAS *Success*. The member knows the implications of that. Beyond that, our ally, the United States Navy, has submarines that cannot be lifted out of the water in the event of damage, either through accident or through combat, unless it goes to those sorts of locations.

We know that here in Western Australia the Premier likes to say the lines; he likes to articulate the lines. He likes to suggest that we are looking beyond this shore to Asia and the regions. I commend that view. I believe that Western Australia should be leading the nation into the Subcontinent and into Asia, and we should be leading them into the future. If we look beyond our shores, there used to be talk about an arc of instability across the top of Australia. There is now a crescent of instability right across the east coast of Africa, into the Middle East, up across the Subcontinent and into North Asia. All of our allies' forces and our own forces that operate in those regions will be looking for safe haven in the event of damage to major surface combatants of the Navy. If they are subjected to either terrorist activity or even high-level warfare damage anywhere in that region, Western Australia is the safe haven. It represents the best opportunity to provide safe haven to all of our own forces and those of our allies in that region. In the event that we look towards what we could do to sustain these industries,

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we could be doing a lot more with our federal government to ensure that Western Australia gets a much greater share of the defence cake. We are talking about \$60 billion over 10 years in expenditure by DMO.

Mr J.M. Francis interjected.

Mr P. PAPALIA: It is the Defence Materiel Organisation, and it is \$60 billion for maintenance over a 10-year period. It has a rolling cycle. We get barely any of that. We have missed the opportunity to sustain these guys in between the booms. Right now it is beyond that. Right now these people are desperate. They are good Western Australians. For a long time they have struggled through good times and bad to train people to ensure that there is an ongoing number of people to fill their workshops. Now those people have been stolen from them by the mining industries, which do not train the same people as these manufacturing industry people do, or they are just being laid off before they even get trained because there is no work in these workshops. It is not false, Premier. It is a real issue. It is the issue. I believe that when Western Australians become more aware of the fact that this state is missing out, they will not care about the number of boats arriving offshore or how much goods and services tax we are missing out on; they will want to know why our manufacturing industry is being left in the lurch. They will want to know why the Premier is not standing up to the federal government and demanding more of the defence share, and they will also want to know why he is not standing up to multinationals that come into this state and treat us like second-class citizens compared with what happens in provinces in Canada like Newfoundland and Labrador. How is it that we can have a second-rate service provided to us by our state government when Newfoundland can get it right? Has the Premier been to Newfoundland?

Mr C.J. Barnett: Do you realise what you are saying?

Mr P. PAPALIA: I have. Newfies are, unfairly, I think, the subject of many jokes in Canada. It is often suggested that they are a bit slower in Newfoundland, but they do not appear very slow at all when they are compared with us with regard to local content and their ability to deal with the very same companies that are operating in this state under a completely benign, benevolent state government in comparison with their own state government. Those people in Newfoundland may be the butt of Canadian jokes, but we have to be the butt of the world jokes when it comes to local content. It is unbelievable that the Premier has the gall to claim credit for filling the workshops, and only a few months later, when these people write to the Premier's office, all they receive in reply is a form letter that tells them that some state agreement acts contain clauses and local content that require companies to work with the state to engage local industry, and that generally the state agreements specify the use of labour within the state as far as it is reasonable and economically practicable to do so.

We know how far that is! That gets about as far around the corner until they cannot be seen anymore! It is essential that the Premier take action now. He has taken all the kudos. He has had all the good times. He has been on the front pages of the national newspapers telling everyone how wonderful he is. He has told Western Australians and the rest of the nation how he stands up for Western Australia against the big nasty federal government. Let us see him stand up for Western Australia against these multinationals. Firstly, let us see the Premier release the Oakajee agreement, because that is incredible. If there is any suggestion that the Premier has signed an agreement that allows local content in China over local content in Western Australia, that would be appalling—if that is not the case, the Premier should prove it.

Mr C.J. Barnett: When did you first become aware of that?

Mr P. PAPALIA: If that is not the case, the Premier should prove it!

Mr C.J. Barnett: When did you become aware of this issue? It was announced 18 months ago.

Mr P. PAPALIA: If we are so wrong, walk out and slap it on the table!

Mr C.J. Barnett: Your scoop is 18 months old!

Mr P. PAPALIA: Release the report. Release the agreement.

Several members interjected.

Mr C.J. Barnett: No; it is all public.

Several members interjected.

Mr C.J. Barnett: I don't know; it was announced 18 months ago.

Mr P. PAPALIA: Heed the call from the member for Rockingham, Premier, and have a local content summit. Get together with these people and talk to them. Seek their advice. Seek their assistance. Listen to them—at least listen to them. Do not send form letters; they are a bit sick of form letters. I am glad the Premier has acknowledged that he will look at the Victorian industry participation policy. I urge him to adopt at least the same measures as have been adopted in Victoria. It is true that local content is a requirement for industries in

many states in Australia. At the federal level, the defence industry is compelled to have local content percentages. It is not just about what is economically viable. Those industries are compelled.

Dr M.D. Nahan: They must.

Mr P. PAPALIA: They do; and the reason for that is that it is in the national strategic interest. I would argue that interest could be extended a little further in that it is in the national interest that these guys survive and operate on the west coast. It is a long way to the other side of the nation. We would not have the capacity here if they go under. It would be great if those manufacturers not only survive now and benefit from the boom, but go on to employ and train new people who will contribute productively to Western Australian society. However, beyond that, I am certain and absolutely convinced that this is a national strategic interest issue. I am not defending the federal government. If it does not step up, the state government should attack it; if not, the opposition will! It is essential that the Premier does his job now.

MR P.C. TINLEY (Willagee) [5.02 pm]: I rise to join debate on this motion and to make a hopefully not-too-long contribution. I want to be clear about what I have seen in my very short time in this place getting out and engaging with the community and the various interest groups.

My first business when I came out of the military was, funnily enough, a manufacturing business at Naval Base, which was something completely different from the military. However, it was a great insight into the start-up of a new business and the impact of manufacturing. I was manufacturing concrete products for the local building market, which was booming in 2004–05. One of the things I first realised about manufacturing is that it works in big lumps. The investment does not happen in small slices; the investment happens in chunks of around a million bucks. For every piece of automated machinery, there was a whole bunch of engineering and other stuff that went with it. One of the hardest things I ever did was to try to automate the factory, simply because the intelligent design, that is the ergonomic design and the ergonomic efficiencies needed in a low-skill area of employment, is resident offshore. In fact, we had to buy several pieces of equipment, which were simple when one looked at what they actually produce, from the United Kingdom—one of the old economies.

As I venture round the business community, the people in that community with whom I developed relationships in the early days, are asking me, “Where is this boom?” They all had boom mark I—if members want to call it that—from 2005–06 onwards, and we could debate when that boom concluded or declined and the economy went into a trough. Although it can be argued in Western Australia that there has been no such thing. The global financial crisis glided right past us and we dodged a bullet. In the global investment market, in the global economic activity market, there is really only one light on; that is, Western Australia—this state. I suppose it could be argued that the light is on perhaps in Queensland. However, the total investment and potential future investment on the horizon in the next five to 10 years show that Western Australia will be a great place to be. Western Australia is going to be even greater than it was in all times to date. However, when people ask me where is the boom this time, I say, “Let’s look at the workforce planning; let’s have a look at what is happening in these larger projects—just as a dip test.” I tell them to be patient because there is a lag time from a project’s FID or final investment decision to project start-up and its ramp up. I recently visited Barrow Island and the Gorgon project, and about 1 000 people work on that island at any one time. The people up there tell us that that will ramp up to something in the order of 4 000 at any one time—then there is the onshore crowd and the numbers get a bit rubbery—with a total expected workforce during construction of around 10 000. That will then, in its own way, feed into consumer confidence and people in related and unrelated industries will directly benefit. However, I am starting to wonder whether that is going to be the case. Often, when we talk about local content, we talk about the manufacturing sector; in fact, we talk about the steel fabrication sector. Although probably worthy to be dwelt on, I will not dip into it today. I have more research that I am more than happy to bring to the house in subsequent debates so that members can benefit from my investigations into the impact of local content or the lack of it in those other industries. However, if we dwell carefully a little bit on the manufacturing area, and in particular steel fabrication, local content has more than dropped away. I worry that it will not be able to ramp up should it be needed as those projects and future works come on stream. In my travels, I am looking for evidence to say that something is coming available in the works pipeline. I have visited the steel institute and been to the Kwinana strip where a lot of the state’s heavy manufacturing is done. It is funny that the member for Warnbro was talking about the AMC—Australian Marine Complex. The one facility in the state that could allow for the rapid transfer of modular construction from our own manufacturing base to the resources project is potentially one of the biggest victims. I visited Pacific Industrial Company, which during my time at Naval Base was constructing one of the biggest workshops in this state. The workshop is still there and we could play about three cricket matches in that workshop because there is nothing inside it.

The percentage of steel industry and heavy engineering or local content in major projects in Western Australia has reduced in the past two years. I went looking for the evidence. I want to look at the status of major WA projects only. If we start right back, 30 000 tonnes or 80 per cent of the Woodside train 5 LNG plant was

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fabricated offshore; 70 per cent or 20 000 tonnes of BHP Billiton's RGP, rapid growth project, 4 for iron ore development was constructed offshore; 30 000 tonnes or 100 per cent of the Griffin Bluewaters Power Station was fabricated offshore; 70 per cent or 25 000 tonnes of the Rio Tinto Cape Lambert upgrade was fabricated offshore and 50 000 tonnes or 80 per cent of Woodside's Pluto LNG plant was fabricated offshore. I am going through these one by one so that members can see that there is some hard evidence to show that we are strangling our own manufacturing sector. We, the legislators, the social leaders of our state, are actually letting them down. A BHP Worsley E and G project of 20 000 tonnes was 90 per cent fabricated offshore; Apache Devil Creek, 10 000 tonnes, 100 per cent fabricated offshore; BHP Billiton rapid growth project 5 iron ore development, 10 000 tonnes, 70 per cent constructed offshore; and, Rio Tinto Brockman 4 mine, 3 000 tonnes, 70 per cent fabricated offshore. Where was the Sino iron magnetite project of 100 000 tonnes fabricated? One hundred per cent offshore. Karara mining had 10 000 tonnes fabricated offshore; Gorgon LNG pre-assembled units, 190 000 tonnes, were constructed 100 per cent offshore. The pre-assembled units and pre-assembled racks are interesting because industry says that nobody tendered on those modules because we have now dipped below a threshold at which there is no single entity in this country capable of manufacturing the modules for the PAUs and PARs. Gorgon liquefied natural gas PARs had 56 000 tonnes, 100 per cent of which were fabricated offshore, and the Simcoa furnace upgrade had 1 100 tonnes, 90 per cent constructed offshore.

These are not small projects; these are not sideline, fringe-dwelling projects in the scheme of things. They are not something that, as the member was saying before, can be constructed in a small factory in Pinjarra. They require whole-of-state and in some cases, whole-of-country effort to generate the sort of work we need to do to ensure our manufacturing sector is increased. We are talking about RGP5, RGP4, Woodside, Rio Tinto, BHP, Apache and Sino Iron—some of the biggest projects which this state has undertaken in its entire history and which together represent more value than the entire state could ever generate, yet that is the sum total of what is happening.

A review, again by the Australian Steel Institute, of the top 10 fabricators in WA show that the skilled workforce has halved and apprenticeship levels are approximately 30 per cent of what they were two years ago. The most important part of infrastructure in our state—that is, the human capability—is in decline. By way of example Pacific Industrial Company employed 50 apprentices in 2007. That was its 2007 intake, bearing in mind an apprenticeship lasts for about four years. PIC was taking on apprentices as we were going into the jaws of the global financial crisis. Imagine the spine those directors had to show to induct 50 apprentices in the teeth of that GFC, knowing that they would have to support them for four years to ensure they had skilled their workforce. I suppose it was a calculated risk—they thought it was a very good one—to take the best advantage of the boom and have their workshop full. I say to the Premier, that workshop ain't full. Their current apprenticeship intake was 10; it has gone from 50 apprentices to 10. They are our sons and daughters who are missing out. Youth unemployment today was a bit topical in this chamber and in the media. Some of the hardest parts of that youth unemployment are demonstrated in the south west metropolitan area, particularly centring around Kwinana, Medina, Rockingham and, of course, Hamilton Hill in my electorate, where there is double digit youth unemployment, and the unemployment rate is four or five times that of the state unemployment rate. We are letting down not only our youth but also our manufacturing industry, our workshops and the businesses we look to support and their children—our children. When I talked to the people at some of these companies, they all spoke about what is happening now. Some of the smarter companies—I do not agree with it and I do not like the idea of it—are establishing joint ventures in places such as Vietnam and China. They win the work here as local contractors and fabricate offshore. The number is small, and we do not have great evidence for it at the moment, but it will build because they are saying that it is simply impossible for them to compete.

I will come back to the idea of a global economy that works in a seamless, perfect world, which it does not do, of course. For every \$1 million of retained manufacturing business, a further \$985 000 of value-added material is generated. Metal product is the highest value-added product in this country. Of every \$1 million of retained manufacturing business, \$333 900 of tax revenue is generated; \$95 000 worth of welfare benefit is saved; and 10 full-time jobs are created or saved. For every \$1 million of retained manufacturing business, important skills sets required for ongoing industry development are retained. We do not create a world-class welder in just four years; continuous training is required right up to, and including, the highest level of welding skill that is being depleted. In fact, we see the greatest depletion among those who instruct and train new members entering those industries. Our own federal minister, Kim Carr, has reinforced that manufacturing in Australia is critical to our future. We are starting to wake up to the idea that this is not about old economies versus emerging, versus new economies. We are all starting to wake up to the idea that we strategically weaken ourselves every time we allow a job to be sent offshore. This is not a re-ignition of the wets versus the dries—the protectionists et cetera. We do not need to reinvent that one. We need a very considered and measured approach to see what can be done, what level of government regulation may or may not be required and what level of industry cooperation will be required to ensure that our businesses are taking the best advantage of the boom to make sure our kids have a future when

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the last tonne of iron ore is hucked over the side into a super tanker, or the last litre of gas is shipped offshore. When we turn around and look at our kids, what will we have left for them? What will be the sustainable future for our kids? What will be their boom? What will they have that will allow them to prosper as we have prospered? A recent survey by Kim Carr's own department confirmed that more than half the fabricators interviewed believed a lack of strong government policy on the use of local products was a major contributing factor to the problem.

I want to dwell now on this idea that in a global world, where we are signatories to the World Trade Organization and free-trade deals, somehow we are prevented from looking after our own interests first. Every country, no matter what it is, in any deal will always act in self-interest. I am trying to understand a paradigm in which free trade equals jobs. This can be true only in a macro sense, and taken over a long period. As a specific example, consider the total growth in world gross domestic product over the past 20 years. As the least developed economies become emerging economies and emerging economies become developed economies, it is a pipeline of development. The entire world trade arrangements were designed to ensure that we raise up all and everyone has a fair go at enjoying the quality of life we ourselves enjoy. But there is a limit to it. That view ignores the status of trading partners during this time horizon and the social impact consequences of trading partners as the process evolves. The Australian Bureau of Statistics shows increased imports for emerging economies and decreasing imports from developed economies—ours. There is a dollar relationship; I have no doubt about that. Our trading partner profile, however, has changed from those developed economies now to a strong focus on China and the Association of Southeast Asian Nations. The ABS tells us that in the 2010 September quarter, WA received its largest value—more than \$930 million worth—of imports from China, followed by imports from the United States of America and Singapore. The value of imports from China increased by 69 per cent in the September quarter and were 75 per cent higher than in the same quarter of the previous year. This reflects increasing volumes of imported consumer goods, such as electronics and clothing. Imports from Thailand, after increasing to \$1.3 billion in the June quarter 2010, were only one quarter of the value recorded in September 2009. In contrast, imports from other South East Asian countries, including Malaysia and Singapore, along with Papua New Guinea, were considerably higher in the September quarter 2010 than in the corresponding quarter of the previous year.

If we look at the profile of each of those players contributing to the import and export arrangements for Australia in total, and particularly Western Australia, the least developed economies are essentially focused on survival and maintenance issues. Their governments are far from democratic and usually fractured in nature. Improving law and order, and some very basic human rights issues, are the main focus of the people who live in those countries. Emerging economies have moved past this stage and are focused on developing industries, starting with agriculture. They have centralist, controlled economies. They are predominantly military law backed, and basic criminal and civil law is a minor player. In those emerging economies, international trade has commenced in areas of comparative advantage, but trade and the domestic economy are highly protected by the non-democratic governments through monetary policies and policies on tariffs, quotas and customs, et cetera.

So how will people in Australia and Western Australia be able to compete with those countries? We will never ever be able to compete with those countries that do not need to subject themselves to greater scrutiny on things such as workplace safety, tariffs and training imposts and all the things that we as a country have spent many years developing to ensure that we have a very robust and very well thought through and structured training regime, industry policy and manufacturing sector. In Australia, very little policy is dedicated to the protection of particular industries. The only exceptions are those industries deemed to be strategically important. We do not have a view that we should see manufacturing as strategically important. Well, it is. It actually strikes right at the centre of our community. It strikes at the future of our children. It strikes at the idea that we as a country have to subjugate ourselves 100 per cent to this fundamentalist view that world trade and our free trade agreement is the only thing that should govern how we conduct ourselves. Western Australia is one of the most parochial states in Australia. Right now we have one of the most parochial Premiers in Australia. The Premier is vociferous in his defence of this state. The Premier is vociferous in seeking to preserve things such as our GST share. I want to see the Premier be also as active and as strident in his protection of the industries of this state, which will protect the future of this state long after the boom is finished.

MR J.M. FRANCIS (Jandakot) [5.22 pm]: I am not the lead speaker on this motion. I will keep my comments fairly short. I want to tell two quick stories that relate to this motion. There are two sides to every story, and there are two sides to every argument. I notice that the member for Cockburn is looking at me. But there are two sides to the point that the member is making, and I want to tell the other side.

Mr F.M. Logan: I am waiting with bated breath.

Mr J.M. FRANCIS: I hope I am not wrong, but I am probably one of the only members on this side of the house who some people think—some of my family members certainly think—should belong to that side of the house. I actually used to be a fitter. I started off as a fitter on steam ships, on destroyers. In fact, 10 years ago I was even working for the Water Corporation as a pipe fitter. I was working hundreds of metres underground on the Warren–Blackwood water project. In fact, while I am thinking of people underground, I would like to express my personal thoughts and best wishes for the many families in New Zealand who still have family members trapped underground. It is not looking positive. The words that we say in this place seem pretty faint in comparison with what some people are going through, including fellow Australians.

I am not a world-class welder, but I know how to weld. A few months ago, I went through the process of putting up a six-foot high wall at the front of my house, not so much to keep Sasha and Rex, the German shepherds, in, but maybe to keep the LHMU campaigners out. I got to the point where I had to put a gate across the front of my house in Atwell—fortress Atwell—and I needed to get a steel frame made up. Like the sentiment that members opposite are sharing, I shop local. I love walking into businesses in my electorate and buying groceries, getting my dry cleaning done or going to the newsagent, or whatever it is. I try to give all the people in my electorate my business, and so does my wife. I think that is great, and I am sure most members try to do that. Sometimes I even have to wander into the member for Cockburn’s electorate because some of the shops that I need to go to are in his electorate. But when I needed to get this gate welded up, I rang every single manufacturer in my electorate, and many manufacturers in the member for Cockburn’s electorate, and said, “I have got a quick little job for you”, and every single one of them said, “We are so busy”—this was only a few months ago—“we could not even look at it for a month.” I suggest that there may be some businesses that the member has been talking to, but there are other businesses —

Mr F.M. Logan: What does that tell you? It tells you that your job was so small and insignificant that they didn’t want to touch it! That’s what it tells you!

Mr J.M. FRANCIS: I would say to the member that he needs to get out a bit more in his electorate. He needs to go and talk to Joe Dujmovic at DTMT, who has a massive business servicing and building for the mining industry in Western Australia. He is flat out. For many of these businesses, their biggest concern is that they cannot get people to work for them. I will tell the member another story. This is the second story that I want to get onto.

Mr F.M. Logan: Are you claiming, member for Jandakot, that workshops in my electorate and in the electorates of Kwinana and Rockingham are full? Is that what you are claiming?

Mr J.M. FRANCIS: No.

Mr F.M. Logan: So what are you claiming?

Mr J.M. FRANCIS: I am just saying it is not all as black and white as the member makes it out to be.

Mr F.M. Logan: So what are you claiming?

Mr J.M. FRANCIS: I will tell the member another story.

Mr F.M. Logan: Forget about the stories. Why won’t you address the issue?

Mr J.M. FRANCIS: About a year ago—this is relevant; this is how members know what is happening in the world through their own experiences—I had a guy come into my electorate office and make an appointment to see me. He was 21 years old, and he was on the Homeswest waiting list, and he wanted to get fast-tracked or something. He was having a gripe. The member is going to love this one. I gave him the time of day and I saw him, and he went through for five minutes how he had been on the waiting list for three years. I looked at this guy and I squared him up and I said, “You’re 21 years old, you’re fairly intelligent, you can speak well, and you’re fit. Why aren’t you working?” Do members know what he said to me? He said, “Working? I’ll be bugged”—he used other words—“I don’t work. I surf all day.” He did not want a job.

Several members interjected.

Mr J.M. FRANCIS: There is a great story in *The West Australian* today! I am not the only one telling this story. There is a hairdresser in Perth who has gone through four applicants for a job. I can tell members that there is a generational issue that is happening. There are a lot of young people out there —

Several members interjected.

Mr J.M. FRANCIS: I listened to members opposite in silence.

Mr F.M. Logan: Go away!

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Mr J.M. FRANCIS: I listened to the member for Cockburn in silence. Do you mind, member for Cockburn?

Mr F.M. Logan: Well, stop talking rubbish!

Mr J.M. FRANCIS: Does the member for Cockburn have to be rude all the time?

Mr F.M. Logan: Contribute to the important issue that's in front of the house!

The ACTING SPEAKER (Mr A.P. O'Gorman): Order, member for Cockburn! Members, the member for Jandakot has the call. I ask that we hear him in silence. But also, member for Jandakot, can you maintain your comments to the motion that is before the house; and if you do not accept the interjections, I am sure they will stop.

Mr J.M. FRANCIS: Thank you, Mr Acting Speaker. I want to get onto another issue raised by the member for Warnbro. That is Western Australia's slice of the Defence pie. I think he makes a fairly good argument, and I have to say I am pretty sympathetic in his cause. Australian Marine Corporation now has a great floating dock—I will give credit where credit is due—that can lift a major fleet unit. In fact, it can lift a submarine very easily out of the water fairly quickly. Australian Marine Corporation has an absolutely awesome shed there now, under cover, with the double fence security that is required. In fact, a couple of weeks ago HMAS *Dechaineux* was run over by a tug, and she was lifted out of the water at short notice and put back in the water last Friday, after she was repaired at that floating dock—that could not have been done otherwise—and she is at sea as we speak. It is great that we have that utility. But at the end of the day, I am of the view that there is no reason whatsoever that an Australian submarine should have to go to Adelaide ever again to be serviced. We have the facilities here now. We have the secure shed. We have the lifting capacity. We have all the facilities that we need.

Mr M. McGowan interjected.

Mr J.M. FRANCIS: But the thing is that Outer Harbor, Adelaide is about to get a contract to build warfare destroyers. The member knows that it is about to start work on that project, and it is getting its slice of the pie. I think that the right thing for the federal government to do would be to turn around and say that Adelaide will be continued —

Mr W.J. Johnston interjected.

Mr J.M. FRANCIS: It is 20/20 vision in hindsight, member for Cannington. But there is no reason whatsoever anymore that a submarine has to go back to Adelaide to get serviced. I make this point to the federal government: if it wants to do whatever it can to sustain submarine crew morale and to make that long and tedious trip back and forth across the bight—which I have done a number of times—obsolete, let us move submarine servicing to Western Australia for full and mid-cycle docking. There is really not much point in it going to Adelaide anymore.

The point that I really wanted to make is that there are two stories to these arguments. My experience is that —

Mr F.M. Logan: I'm waiting for the second story!

Mr J.M. FRANCIS: I have some pretty big manufacturing businesses in my electorate too! Fremantle Steel Fabrication is in my electorate.

Mr F.M. Logan: How much work has it got?

Mr J.M. FRANCIS: It is busy—I speak to the people there.

Mr F.M. Logan: Have you been up there recently?

Mr J.M. FRANCIS: I could not give the member a figure.

Mr F.M. Logan: Maybe you should visit them!

Mr J.M. FRANCIS: But I have visited other businesses, some of which are in the member's electorate, such as DTMT and it is —

Mr F.M. Logan: DTMT is not a fabricator.

Mr J.M. FRANCIS: But it is doing well because of the —

Mr F.M. Logan: He is doing well because he does earthmoving and stuff like that.

Mr J.M. FRANCIS: He does construction for the mining industry!

Mr F.M. Logan: If you're going to stand up here and talk about engineering fabrication, at least have some knowledge of the industry.

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Mr J.M. FRANCIS: The member is not the only metalworker in this place. The member thinks he is, but he does not represent them—he does not even live near them, for God’s sake!

Mr F.M. Logan: This is not about me being a metalworker; it is about your incompetence as an MP!

Mr J.M. FRANCIS: The member does not even live with them! He is too good to live amongst the people he represents. Why does the member not shut up, grow some manners and let someone else speak in silence?

The ACTING SPEAKER (Mr A.P. O’Gorman): Members! Member for Jandakot, I advised you to not accept the interjections, which you did, and straightaway we had a deterioration. I ask you to confine your comments to the motion that is before us and to reject the interjections.

Mr J.M. FRANCIS: In summary, there are two sides to this story: a lot of people are very busy and they cannot take on much more work, and I also accept that some businesses, for a number of different reasons, are struggling. However, it is not all black and white and it is not all doom and gloom, as the opposition would have us believe.

The other point I make—I accept the direction of the Chair—is that members on the other side of the chamber raised the issue of youth unemployment. A growing number of young people simply do not want a job; they do not want to work. That is the reality and members can read that in stories, such as that in today’s *The West Australian*. I have young people walk into my electorate office who ask for a Homeswest house when they have not worked for three years and they tell me that they are too busy surfing! Therefore, it happens.

There are two sides to this issue. I urge members to weigh up the balance of the arguments that they hear from opposition members, which is all doom and gloom. They enjoy talking the state down and talking business down, saying, “It’s all bad. Don’t invest in your own business; don’t invest in the state’s economy; don’t invest in anything at all because it’s all going to custard under this government.” It is all going to custard if we believe members opposite! But it is not. Western Australia’s greatest days are ahead of us. The economy is still growing brilliantly in my electorate, and I struggle to find a business that is doing it overly tough. It is nowhere near as bad as members opposite would have us believe.

MR R.H. COOK (Kwinana — Deputy Leader of the Opposition) [5.33 pm]: I rise to make a few points on this motion, particularly from my perspective as the local member for Kwinana. The member for Cockburn demonstrated that he knows a lot about these issues and about the fabrication industry. Perhaps other speakers have not demonstrated a similar level of expertise, and I do not pretend to have expertise in the steel fabrication industry. I do know, however, that the success and good fortune of the people of Kwinana are very much dependent on the success, robustness and the health of the steel fabrication industry.

For members’ information, the Kwinana strip is one of the most significant economic powerhouses in Western Australia. It has an annual output of more than \$15 billion per annum. It is an essential part of our state’s economy. Businesses on the Kwinana strip directly employ 4 800 people, with a further 26 000 people indirectly employed. The importance for my electorate is that 64 per cent of people who work on the Kwinana strip are locals—that is, they are people who work on the Kwinana strip and live in the Kwinana, Cockburn and Rockingham areas. Therefore, the success of that community is very much dependent upon the success of the Kwinana strip. It is not only important in terms of jobs today; it is essential for the future of the kids in my area. Gilmore College, the local high school that I am very involved in, has an extraordinary reputation of turning out some of the best metal fabricators that our education system can supply. In the last few years it has provided the first, second and third placegetters in the fabrication Olympics for high school students, one of whom went on to compete internationally. Therefore, Gilmore College is very much in tune with the needs and the opportunities that the Kwinana strip can afford those kids. That is really important because unemployment remains high in the area.

In the March quarter, unemployment in Kwinana was about 8.6 per cent. I think it peaked in the June quarter at about 10 per cent and has come back slightly since then to around the 9.7 per cent mark.

Dr M.D. Nahan: Member, just a point: what was the unemployment rate in about 2007–08?

Mr R.H. COOK: I do not have that information, member for Riverton.

Mr F.M. Logan: It got down below five per cent in Kwinana.

Dr M.D. Nahan: Did it?

Mr R.H. COOK: Anecdotally, what I can tell the house is that when the global financial crisis hit, I was astounded by the number of conversations I had with people, not necessarily from the steel fabrication industry, but certainly in the mining services industry, who said that the employment tap was turned off overnight. The

reports I got from local Centrelink offices were that they were overwhelmed by people appearing on their doorstep to claim their unemployment entitlements.

As I said, the official figure that I have for the current unemployment rate in Kwinana is about 8.6 per cent. Kwinana also has the highest youth unemployment rate in the south west metropolitan area—about 9.2 per cent among 15 to 25-year-olds. It has the lowest participation rate in the jobseeker market. Indigenous unemployment is even more acute; out of 170 Indigenous youths, only one-third were employed and over half were not participating in the labour market. Therefore, in Kwinana we need to continue to put the blowtorch to the skills base in the community to ensure that people have the skills and the opportunities afforded them by local employment.

What concerns me about the amount of work coming to our fabrication industry at the moment is that the industry says it is not getting the contracts now, and that will impact on employment in the future. The industry is not getting the contracts now, so it is not employing young people, and, importantly, the industry is not able to train the young people of today to increase our capacity as an economy for the future. One metal fabricator told me that two years ago he employed 50 apprentices and today he employs just 10 apprentices. He says that the importance of having contracts in place is that he has to have supervisory capacity for those apprentices. He puts the critical mass to employ one apprentice at between five and 10 employees on the shop floor. Therefore, he has found that the lack of contracts now has reduced his capacity to take on apprentices, thereby reducing both his capacity and the industry's capacity to have people in place for the future.

The impact of high-level local content policies on the welfare and wellbeing of people living in the Kwinana community is a significant concern. Local metal fabrications companies are telling us that they do not need a leg-up or special favours from the government; they need a fair go. Companies need a government that is prepared to show leadership in this policy area so that local companies have the capacity to pitch for projects and compete in the marketplace. Companies are telling us that they do not get that opportunity because the mining industry, in particular, has been able to modularise and outsource its contracting processes. Local companies are not even in the marketplace because those contracting processes are taking place amongst networks that exist overseas. We have some highly skilled design engineers, metal fabricators and engineering companies that are able to compete in the international marketplace because they have the very best equipment, the capacity and the ability to provide high-level technology-driven projects. But if local companies are not in the game to make those pitches in the first place, they will not get those opportunities.

How do local companies get back into the game? There are a number of ways. Obviously, the Hebron agreement provides one particular approach. It is highly prescriptive regarding the tonnages and labour hours involved in the fabrication process, to the extent that the provincial government has some equity in the outputs. We do not have to go to that extreme. We need a government that is prepared to praise local content and have it front and centre of its industry policy. The government can take a leaf out of the Victorian government's book; in Victoria the local content policies make sure that a much higher level of industry interaction is achieved and that benefits flow from those contracts.

During debate on a recent bill—I think it was the Railway (Roy Hill Infrastructure Pty Ltd) Agreement Bill 2010—we were discussing these very issues and the member for Rockingham put forward the idea of simply making proponents provide local content reports, showing the community and government the amount of local content provided by their projects. A local content report would provide at least one mechanism to make sure that local content is part of a company's social licence to operate, and that may simply be the mechanism of shame.

These opportunities do not come by every day. The boom that we are currently enjoying—it is a boom by national and international standards—and the opportunities that we are enjoying are once-in-a-lifetime opportunities. We must make sure that we lock in the benefits of the boom and that people can share in it. We must make sure that we come out the other side of the boom with industries that are able to take advantage of future opportunities. If all we do is dig stuff out of the ground and ship it out, we will not have the workforce, the technology or the capability to take advantage of further opportunities in the future.

Although debate on local content in the manufacturing and engineering area often takes a high-level industry trade perspective, local content has a very real impact upon the health and wellbeing of people in my area. Without local content, areas like Kwinana will not prosper. We will not be able to drive down the unemployment rate in those areas if we simply turn a blind eye to the opportunities which the mining boom provides. We have workshops ready that have the capacity to take on the tonnages that are being talked about in some of the larger projects. We have the capability to employ our young people and engage them in this industry to make sure we have the capabilities for the future. If we lose that opportunity, the people who come after us in this place in 10, 20 years' time will repent at our cost.

Extract from Hansard

[ASSEMBLY — Wednesday, 24 November 2010]
p9508b-9526a

Mr Mark McGowan; Mr Fran Logan; Mr Murray Cowper; Acting Speaker; Mr Paul Papalia; Mr Peter Tinley;
Mr Joe Francis; Mr Roger Cook; Dr Mike Nahan

The ACTING SPEAKER (Mr A.P. O’Gorman): Member for Riverton.

Mr M. McGowan: Where is the Premier? Is the member for Riverton the Premier now?

DR M.D. NAHAN (Riverton) [5.45 pm]: No, I do not think so.

Mr M. McGowan: Are you the lead speaker?

Dr M.D. NAHAN: Yes.

Mr M. McGowan: You are the lead speaker?

Dr M.D. Nahan: No, I am not the lead speaker.

Mr R.F. Johnson: No, you are not.

THE ACTING SPEAKER: Member for Riverton, you indicated that you are the lead speaker. If you say you are the lead speaker, we put the 60 minutes up and it starts to go. You need to make sure that you do not say that you are the lead speaker if you are not.

Dr M.D. NAHAN: Sorry. This is a very ironic debate in some ways. As we all recognise, in Western Australia we are living in one of the greatest, largest resource developments in world history.

Mr R.H. Cook: A boom!

Dr M.D. NAHAN: No. The commonwealth Treasury estimates that over the next year, there will be \$55 billion worth of investment and most of it will be in Western Australia in the liquefied natural gas and iron ore industries. That figure is five times the level of investment in construction and infrastructure that took place just seven or eight years ago. On top of that, the commonwealth government stimulus plan is still underway, the state government has a large capital works program, and there are a large number of allied investments to support this major investment.

Everybody recognises that we are amid the largest capital investment in recent memory and the centre of that investment is here in Western Australia. If members go around their electorates, the biggest thing members will hear from workers in the construction sector is that there is a shortage of labour and a need to import workers. If we look at the hard data, KPMG and another firm recently put out a report that looked at the demand for workers going forward. The greatest shortage of workers is in the metal trades. The shortage of metal tradesmen is rated as extreme; there are 10 400 vacancies in the metal trades industry around Australia. That means that seven per cent of positions in the metal trades are vacant.

Mr F.M. Logan: That is old and it is wrong data! It was done by an accounting firm!

Dr M.D. NAHAN: This survey was done in October this year. It is estimated that the shortage of workers will become more severe. In my electorate there is a fully enclosed small industrial park in Canning Vale. I admit the companies there are not large fabricators, but there are some fabrication units there—small jobbers. If members were to go around and ask the companies, as I have, what their major issues are and what level of work is being undertaken, the companies would say that things have never been better, but they would also tell the story of really being under the hammer in 2006, 2007 and 2008. The GFC hit some of those businesses a bit, some a lot. It is true, as members opposite said, that when the GFC really hit, the mining sector in particular slowed down and there was a real hiatus in work, not just in the metal fabrication industry but in a whole range of other projects. However, things have now picked up.

Contrary to what the member for Willagee said, the GFC hit the fabrication, construction and support sectors, but things have generally recovered. The biggest issue for these sectors is getting the people who can provide the work. The largest constraint is people supply, particularly skilled metal tradesmen. Why is that? One of the great ironies in this issue is that the mining sector has absorbed the total supply of metal trades and tradesmen across the sector from not only Western Australia but also all around Australia and in the regions. People are flying to Western Australia in their tens of thousands every week to work in and around our mining sector. Wages are sky high; in fact, tradesmen are major beneficiaries of these booms, for a variety of skill bases including electrical and metal tradesmen. They are beneficiaries because most of them are in high demand, wages are high and benefits are high. When I have spoken to them, many of them have said to me, “Whatever you do, don’t put this boom in jeopardy because it is benefiting us greatly.”

There is another issue: local content, which we have debated before. Local content is not just about metal fabrication; if members look at the overall local content of iron ore, it is actually quite high. I accept the member for Willagee’s statistics on local content for fabrication in iron ore projects and some other projects. Much of the fabrication in LNG and iron ore is going offshore, but there are a lot of civil works, maintenance, construction, and electronics work going on, and when we add it up, the majority of the activity, particularly in the iron ore sector and other mining sectors, is done locally. It would be not only dangerous but also extremely harmful to

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focus on one aspect of local activity—that is, fabrication—at the expense of other activities. Indeed, it would harm my electorate greatly. I can understand why some members opposite might consider fabrication more important because of their associations with metalworkers. Fabrication is also clearly very important in Kwinana and the surrounding area.

I might just relate a story. I have had discussions with a couple of people who have businesses in my electorate but who are involved in major fabrication units in the Kwinana area. I will not mention their names; I do not have their permission, but they were among those who were encouraged over the past decade to tool up, scale up, build more plant, put on apprentices and buy machine tools and other equipment for the large boom. They geared up and entered into joint ventures, with both Australian and overseas companies, to be ready for this boom. As I understand it, they were largely involved with the fabrication side of things. They targeted a few major projects and segments of the Gorgon project. They got particularly badly hit by the GFC in 2008, when demand dropped off, but they still had great hopes for the Gorgon project. However, they admitted to me that they faced some real challenges. They put in the money and they were big enough to get these projects; the projects were not the biggest, but quite large. They had the equipment, they had the scale, they had the facilities and they hired apprentices, but they still had a hard time getting skilled metal tradesmen. Many of them were brought into the country on 457 visas from the Philippines and elsewhere. Even had they won the contracts, they were still highly reliant on importing skilled tradesmen. Austal Ships, which has been a huge success, still has a very high percentage of imported labour in the area of fabrication. The people I referred to did not get the Gorgon project; they lost it to someone else, but they were not even within 30 per cent competitive with the joint venture that won the contract.

Mr F.M. Logan: Well, you've accepted Chevron's line.

Dr M.D. NAHAN: No, I am not talking to Chevron.

Mr F.M. Logan: Yes, you've just accepted it, hook, line and sinker. It's not surprising.

Dr M.D. NAHAN: The member must listen to the evidence here. What can they do to improve it? The member for Cockburn does not want to deal with it. He basically said, "We don't care. They're not within 30 per cent cost competitive; we just forced it on them."

Mr F.M. Logan: Oh, they'd go somewhere else, would they? Sure, they would. They'd go somewhere else for their iron ore, for their vanadium, for their diamonds!

Dr M.D. NAHAN: What would happen would be that certain projects would not go ahead, and other Australians who would have got work would lose out. All the member is interested in is metal fabrication at the cost of everything else.

Mr F.M. Logan: What a load of rubbish! Why don't you stand up for Western Australia, you gutless wonder?

Dr M.D. NAHAN: I am! The real threat here is the member for Cockburn.

Mr F.M. Logan: The real threat here is extreme right-wing fundamentalists like you! That's what the threat is!

Dr M.D. NAHAN: I want local content; I am not focused solely on metal fabrication. I want local content, whatever it is.

The ACTING SPEAKER (Mr A.P. O'Gorman): Member for Riverton, you are inviting the interjections if you address the member for Cockburn. If you do not want him to interject and interfere with your speech, do not invite the interjections, or at least ignore them.

Dr M.D. NAHAN: I am very interested in local content and I want to maximise it to the greatest extent possible, but not at the cost of total projects. It is an extremely important issue, but it is not just about metal fabrication; it is about a whole range of other issues. A very large percentage of people in all our electorates work in those industries. If members do not think so, they should look at the response to the mining tax. As soon as the mining tax was announced, things started being put on poles in Canning Vale, and people throughout the community felt that anything that threatened the development of the mining and LNG sector was a threat to them. Why? Because either they or their relatives are employed in those sectors—not just miners, but also in the construction sector, in the building of facilities. One could feel the fear in the community about the mining tax. That should give members an indication of how important that sector is to us. If members travel around Canning Vale, they will see that the area is really booming and busy.

There are challenges on the fabrication side. Many in that industry were induced or encouraged by government and thought they could get that work, but they did not. One of the reasons was that they did not have the labour. It does not make much sense to go out and force a firm to fabricate here if the labour has to be performed by people brought in from overseas. If local firms got some of these contracts, they would have to go to the

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Philippines or Thailand. Rather than have the job done in Thailand, we would bring the labour down here on 457 visas. We have to be sensible here. Local content does not include importing labour.

Mr F.M. Logan: Bring in some unemployed Americans, because that country's stuffed!

Dr M.D. NAHAN: Yes.

There are a couple of interesting examples. Newfoundland is very interesting. I have relatives there; it is a nice place, although a bit barren at times. The Newfies are an interesting people. It is a beautiful area, but it has been very backward in the past. They brought in very strong local content rules and fought with Ottawa about whether they should do so. I might add to that that local content rules were quite pervasive, particularly with local processing and building the facilities in Newfoundland. It is one reason why Newfoundland has been a chronic employment backwater; it has not worked. Unemployment in Canada is currently about six per cent; in Newfoundland it is 13 per cent. I put it to members that if we had 13 per cent unemployment as opposed to 4.6 per cent unemployment, we would think about doing something like what Newfoundland did, but we do not. We are importing labour; Newfoundland has been exporting it for decades. In fact, a lot of Newfies have been going over to Ireland to get work, although a lot of them are now coming back. Newfoundland has major local content rules, and that is understandable, given the context.

I notice that the opposition does its research for major issues by reading the morning newspaper. An article in *The Australian Financial Review* was quoted; the Murchison Metals executive chairman, Paul Kopejtka, denied that speculation.

Mr E.S. Ripper: That might be because the document hasn't been released by the government.

Dr M.D. NAHAN: What he said was basically accurate. He said that the government went to him and said, "Please have some Chinese involvement in the project", for the reason that we wanted the project to go ahead. We want Oakajee to go ahead. We knew that the arrangement we inherited from the previous government would not have led to a project; the project was too marginal. What was promised by the previous government was its best endeavours to undertake the project solely through private investment. Blind Freddy could see now that, given the conditions—the ore bodies and the costs—it would not have gone ahead, so the state Liberal–National government, along with the then Rudd government put some federal money behind it.

Debate adjourned, pursuant to standing orders.

Sitting suspended from 6.00 to 7.00 pm