

**RESOURCES SECTOR — LOCAL JOBS**

*Motion*

**HON JON FORD (Mining and Pastoral)** [10.10 am] — without notice: I move —

Noting that Premier Barnett is the first Western Australian Premier ever to sign a development agreement preferencing foreign jobs over local WA jobs, this house calls on the Premier to take urgent action to honour his promise that WA's workshops will be filled for years.

I note that the Minister for Commerce seems to be away from the house on urgent parliamentary business. It is a shame the Minister for Commerce is not in the chamber, because this is a very important debate and one in which the Minister for Commerce plays an important part, as do the Minister for Mines and Petroleum and the Minister for Training and Workforce Development. The Premier also plays an important part, of course, as Minister for State Development.

I want to talk about what should be the vision for Western Australian industry and Western Australian jobs. In today's *The West Australian* there is an interesting opinion piece by Ben Harvey titled "A dirty little secret hangs over Barnett". Some of the comments in this article are relevant to this debate; some of them are not. The article makes the following comment about Mr Barnett —

So he is building things flat-out to produce monuments to the mining boom.

I can tell the Premier that there is no better monument to the mining boom than long-lasting industry and long-lasting jobs post the boom. The only way we can do that is by investing in the people of this state and investing in the industry that will give them an economic base. We need to do everything we possibly can do, using the current economic boom, to develop this state and the people of this state past the boom. The question that we need to answer is: what will be the economic base for Western Australia when this state runs out of minerals? Currently we are too focused on the labour shortfall, and not on finding answers to that important question. Unfortunately, we have not had an adequate response from the government to that question.

On Tuesday, 15 February, I asked the Minister for Commerce, in a question without notice of which some notice had been given, the following —

I draw the minister's attention to the ongoing Western Australian resource sector growth.

- (1) What policies and/or strategies does the minister have in place to maximise opportunities for local Western Australian and Australian businesses to participate in the massive increase in investment to the resource sector in Western Australia?
- (2) How does the government measure outcome success or otherwise in regards to these policies and strategies?
- (3) Does the government have any specific targets for local business participation in regards to WA resource sector growth and what are they?

The minister's response—the question was with some notice, so he had the department to help him—was as follows —

- (1)–(3) The Western Australian economy is growing and maturing in an increasingly globalised environment. The government does not believe in mandating levels of local content because that will drive up the cost of major projects, seeing jobs and projects exported overseas. However, the Western Australian government is interested in providing support to those willing to change the focus of their businesses in a way that makes them competitive. ...

However, the minister provided no details of that. I can tell members that the Queensland government's version of offering support to business was to make a strategic investment in people who are called "industry interpreters". These people have the capacity to walk the corridors of industry and the stock exchange. They know how to attract diverse investment into businesses in Queensland. The Queensland government has implemented this strategy, along with others, because it has taken the position that it is not good for the Queensland economy to be in a bust-and-boom situation, and the only way the government can change that is by being part of the supply chain. The Queensland government has a vision for a vibrant economy in Queensland that is not reliant just on the resources sector, on coal or on tourism, but is diversified. As a result of that, the Queensland government has been able to attract Boeing to Queensland. Prior to that, Queensland had no big aviation businesses. We recently saw a company that promised Western Australia an opportunity to develop its capacity and diversify its economy shift to New South Wales; and what a crying shame that was.

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It is no good for the Minister for Commerce just to say that the government will provide support for those businesses that are willing to change the focus of their business. The government needs to sit down with businesses and coach them in how they can develop business opportunities out of the mining boom. The government needs to help businesses build their potential to develop joint ventures with other companies that will enable them to tender for jobs and build their capacity to look at other business opportunities. The government needs to sit down with the mining companies and the oil and gas companies and demand that they break down their contracts into viable packages that will enable the capacity of Western Australian business to marry into them. The excuse that we hear all the time is, "We would like to give that work to Western Australian companies, but they do not have the capacity." Well, Western Australian companies will never have the capacity unless we get in there as a Parliament and as a government and ensure that businesses and workers in this state are given every possible opportunity. The best way we can do that is by building relationships. Good relationships underpin businesses. It is much more difficult to walk away from a relationship than it is from a contract. That is a role that the government can play.

The minister in his answer said also —

Local content provisions currently require major proponents to provide "full, fair and reasonable" opportunity for local companies to bid and supply the work.

How is that measured? We do not know how this state is doing. We are told by the Premier that the amount of work is so huge that Western Australian companies will be brimming with work—overflowing with work—because there will be a trickle-down effect. Nothing could be further from the truth. We need only to go to Kwinana and see the empty fabrication shops and workshops. We are told that the reason those companies are not getting the work is that they do not have the capacity. The reality is that eventually they will get the work. But it will be just a bit of sheet-metal work or a bit of welding of pipes and handrails—deskilled, low-end work. The reality is that if we put coded welders into that position, their skills will not be maintained and we will lose that capacity.

Yesterday, I asked the Minister for Commerce a question without notice about the local content unit. What we heard in response was no vision and no strategic plan.

**Hon Simon O'Brien:** The question was about how someone can get in contact with that office.

**Hon JON FORD:** The short answer to my question was that there is a local content unit. The minister said —

The local content unit is doing a lot of work at the moment, under my supervision, on the question of local content. We are doing that in consultation with the Department of State Development, which of course is responsible for administering state agreement acts. I am looking forward to providing details publicly of an action plan that the government intends to prosecute in the weeks and months ahead—shortly.

What does that mean?

**Hon Simon O'Brien:** It means exactly what it says.

**Hon JON FORD:** For how long has this government been in office? The boom has not been a secret. I look forward to the minister outlining shortly what his vision is and what his strategic plan is. I suspect that the minister does not know.

What is the current position in Western Australia? I refer to an advertisement that has been put out by the Association of Professional Engineers, Scientists and Managers of Australia, UnionsWA, the Australian Manufacturing Workers Union, the Skilled Work Alliance and the Australian Steel Institute. The advertisement contains some interesting graphs. The caption under the first graph states that, since 2008, the WA workforce has grown each year, despite the global financial crisis. The graph shows a consistent increase in jobs every year between 2008 and 2010. The caption under the next graph states —

However, as our big resources projects have increasingly sent their skilled work offshore, the number of 15–19 year olds commencing an apprenticeship or training has fallen.

The graph shows a drop in the number of jobs, from around 11 000 in 2007, to fewer than 9 000 in 2009. The caption under the next graph states —

And youth employment has risen in South West suburbs around the Kwinana strip, where many of our fabrication businesses are located.

The graph shows about a 10 per cent increase in youth unemployment in that area—where our fabrication shops and most of the jobs are—between 2008 and 2010.

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We know, also, by the hard fact of the amount of tonnage, that there has been a huge drop in the amount of steel processed out of these resource projects; the work goes overseas. I have no problem with overseas people quoting for the job; that is not the argument. My argument is that we are not doing enough to ensure that our businesses build the capacity to allow them to increase their work, and to get out of the reliance on the resources industry. We are talking about businesses building the capacity to get into the supply chain, so that they can do what those overseas companies are doing and tender for work outside Western Australia. We want to build the capacity so that when there is another resource project in East Timor, they can tender for those jobs; they can build pumps for liquefied natural gas plants and relief valves for projects in Indonesia; and so that they can get into projects in the North Sea region. The North Sea is a particularly good example. Work done in the North Sea region has resulted in the development of an engineering and design capacity, so much so that most of our work is designed and built by either Norwegian companies or companies with origins in Scotland and Great Britain. Why is that important? I will tell members why it is important: when people design something overseas, they use their own suppliers and manufacturers, because they are a known quantity to those people and they have those relationships, so they always go to them first, and the project is built around those suppliers.

Those suppliers are put into the logistics of the supply networks and computer systems in those companies, and if, further down the track because of supply issues—when those bins run out of those spare parts; when that material gets low—another local manufacturer is given the job, they reorder, and they reorder from a company in the default area. So, it might be from a Scottish company, a Japanese company, an Indonesian company or a Thai company; it is not a Western Australian company. That is the other aspect of it. We have to invest and use every lever that we possibly can to make sure that the work is designed, and as much of it as possible is fabricated, in Western Australia. By 2020 or 2025, we want to be bidding for the design work for future resources projects around the world. We want to keep the Western Australian companies in business so that they develop a capacity, as I said before, that is beyond our quarry. We certainly have a quarry mentality.

In the answer to the first question I referred to on this motion, the minister talked about legislation to mandate certain levels of local content. Interestingly enough, I have not heard anybody raise that issue in the public debate. There has been talk about a legislative requirement, but that is about a government negotiating with a resource project proponent and looking at the capacity of the local companies to fulfil the requirements of the proponent, and the parts of that project that local companies should reasonably be able to do. The government should negotiate with the company to ensure that that investment is maximised. That is not mandating a particular percentage; that is just good business sense. After all, the executive of the Western Australian government is a board of directors that manages the limited resources of this state, so that just like any board of directors, it is its job to maximise return for the future of our children and for the benefit of the people of Western Australia. That model is used in Canada. After they have negotiated that particular package in the form of an agreement-type act, it is brought into Parliament; it is debated; measures are put in place; and there are regular check-ups, and they actually know the capacity, project by project.

**Hon Simon O'Brien:** Check-ups? That's mandating. If you're legislating, that's mandating it.

**Hon JON FORD:** The government can just chuck in the towel now, or it can consider the problem and fix it—it is not that hard to fix.

**Hon Norman Moore:** So why didn't you do something about it when you were in government for eight years?

**Hon JON FORD:** We did, but it did not work.

**Hon Norman Moore:** It didn't work!

**Hon Simon O'Brien:** Yes, because it was no good.

**Hon JON FORD:** The only place it worked was with Clive Brown in renegotiating the agreement act for the Argyle diamond mine.

**Hon Norman Moore:** What about the other state agreement acts?

**Hon JON FORD:** We do that for the supply of common-user infrastructure and we do it for royalties relief; why the heck do we not do it to support the capacity of local businesses? If we go to Goldsworthy, we can get a picture of what will happen to Western Australia and what Western Australia will look like if we do not build the capacity. If members go into Goldsworthy and look at their TomTom navigation system, it will show the outline of a town—a once very vibrant town that is now full of saltbush and spinifex. The town has been bulldozed because the resources are no longer there. The government can talk about Pilbara Cities, but they will be ghost towns if we do not do something to invest in industry and capacity.

Design and engineering capacity would be a perfect industry to locate in the Pilbara. It would create heaps of jobs. People could engage in practical application, and it would be a great place for people to develop their skills

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in the petrochemical industry, which could last way beyond after the gas has run out—way beyond. But we do not have a vision. We have not heard of a vision about where this government wants to be post the boom and post this amazing economic opportunity. If we do not have a vision, we will have nothing. Everything will go back over to the eastern seaboard. Victoria has a great local content participation policy, and it does all those things I talked about; it is more than just words. It actually brings industries together—international companies with Victorian companies—and creates projects to build that capacity. Queensland also brings people together and sits them down with the resource companies, introduces them, tells them what they expect from them and tells them to come back when they have agreements. Those states will become vibrant, non-resource reliant economies. The workers who are coming over here and who we are draining from the eastern states will all go back, and we will go back to being sleepy old Perth, with a heck of a lot of infrastructure that we have to support but no economic base to pay for it and no skill capacity to find other work opportunities.

That is what we are asking for; we are asking for a vision for the future. We are asking, not for excuses about why it cannot be done, but for an action plan—a strategy—to invest in Western Australian jobs; invest in our children's futures; and, invest in the north west and in our regional centres to make sure we have a strong economic future. Let us milk the rewards of this extraordinary one-off chance we have because of this great economic opportunity that has been presented to us.

**HON SIMON O'BRIEN (South Metropolitan — Minister for Finance)** [10.29 am]: I listened with interest to the words of Hon Jon Ford. If we strip out some of the politically loaded aspects, I think we are probably in furious agreement on many of the points raised. Let me make things quite clear: it is this government's view that the people of Western Australia need not only current benefits—whether they be full shops or full employment—but also enduring benefits from the economic circumstances that exist, particularly with regard to our resources sector. There is no disagreement there. We also want the benefits by way of work contracts and orders to go to a range of contractors, suppliers and others as part of the dividend of the resources sector's activity and expansion at this time, from which Western Australians deserve to benefit. There is therefore no disagreement on any of that; neither is there any disagreement that the state government has to show leadership in this matter.

In listening to Hon Jon Ford just now, I was hearing echoes of a number of conversations I have had recently, since I came into this portfolio responsibility, with people who are involved in steel fabrication in the areas that he mentioned. I might add that a lot of the projects Hon Jon Ford talked about are in his electorate. A lot of the fabricating shops that he also talked about are in my electorate. I have been out there in those areas talking to people. I and others have made visits, some with the Premier, to make sure that we have a full and mature understanding of the nature of the problem. And we do have a problem; there is no doubt about that. I acknowledge that there is a problem out there in the under-utilised capacity—I will not mention some of the firms—of a number of fabricating shops. These are not tuppenny-ha'penny businesses; they are long-established businesses with skills, a long-term commitment and a willingness to invest. Indeed, many of them have invested in capacity for the future, which displays a confidence in our state. But their confidence, as yet, has not been realised, as they see a lot of this capacity being under-utilised.

It is therefore important that the whole of government understands the nature of the problem. It is not as simple as some people have initially made out. A number of areas of industry right across the state are getting huge benefits from the resource projects that are currently run or being developed. In others the books are, if not empty, almost empty. It is therefore a complex situation. I at least appreciate the demeanour of Hon Jon Ford's remarks when he said that we need to comprehend this issue, both as a government and as a Parliament, and that we must make sure that we do not let opportunities slip by. I acknowledge that. That is what we are turning our attention to, and we are doing it through the agency of a range of parliamentary members and others who are making representations.

At this point I acknowledge the huge amount of work done and the commitment that has been shown in this matter by Hon Phil Edman, who is also a member for South Metropolitan Region and who resides in Rockingham. He is a businessman himself in another life. His efforts to highlight the problems that exist to bring people together and to search for solutions have been energetic and conspicuous.

**Hon Kate Doust:** We look forward to him saying a few words on that today, then, minister.

**Hon SIMON O'BRIEN:** He will in a moment. I am sure if members—Hon Kate Doust or any other member—want to visit some of the premises I am referring to, that can be arranged. I am sure Hon Phil Edman would be the first to volunteer to assist in that.

I will conclude in a moment in my brief time with some indication of what I am proposing to do, as a minister with some responsibility in this matter and as it is a whole-of-government responsibility. I have in my new

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portfolio some particular responsibilities, and that is why I will accept a leadership role in all of this. Before I come to that, I want to consider the motion that has been placed before us. It invites the house to note, or to take for granted actually, that —

Premier Barnett is the first WA Premier ever to sign a development agreement preferencing foreign jobs over local WA jobs, ...

And so on. I do not think that assertion has been demonstrated. I do not think it is true. I do not believe that the honourable member in moving his motion advanced any evidence or information in support of that assertion; he just took it as a given. May I ask, Mr President, with your indulgence: was there any particular agreement that the member was referring to?

**Hon Jon Ford:** Oakajee.

**Hon SIMON O'BRIEN:** If the reference is to the state development agreement for the Oakajee port and rail project —

**Hon Jon Ford:** It's all the work on there.

**Hon SIMON O'BRIEN:** The agreement does not, with respect, create a preference for overseas goods. It does commit the project's joint venturers to ensure that Chinese industry is not excluded from bidding to supply the project, but neither should anybody be excluded from bidding. Is Hon Jon Ford unhappy with that?

**Hon Jon Ford:** Industry is unhappy.

**Hon SIMON O'BRIEN:** I am sorry?

**Hon Jon Ford:** The engineering capacity in the state is unhappy.

Several members interjected.

**The PRESIDENT:** Order!

Several members interjected.

**Hon SIMON O'BRIEN:** We are having a proper debate, and we are really searching here for points of agreement so that we can clear the air and move forward. So, let us do that.

It is, however, not sustainable to suggest that Premier Barnett is a Premier who signed a development agreement preferencing foreign jobs over local WA jobs. If members argue that, they had better put up some evidence, but there is none. On the other hand, people say, "Hang on, you're not guaranteeing it. You're not mandating it through legislation. You're using weasel words." These are the expressions that have been used out there in the community by people participating in the debate. If we look at some weasel words, the sorts of things they are talking about are not words in legislation that say, "Such and such a per cent of work from this project must be given to local contractors." Hon Jon Ford is not suggesting that we have anything like that, is he?

**Hon Jon Ford:** That is correct.

**Hon SIMON O'BRIEN:** Okay; thank you. And he knows very well why we cannot. On other occasions, as we advance this debate, if people do not understand that, we need to educate them on why we cannot do it and why it would be extremely counter-productive to everyone if we were to try to do it.

**Hon Jon Ford:** Nobody is arguing that.

**Hon SIMON O'BRIEN:** Okay; that is good. Again, we are in furious agreement.

The sorts of words that we rely on in this debate are words such as these —

... except in those cases where the Joint Venturers can demonstrate it is not reasonable and economically practicable so to do, use labour available within Western Australia (using all reasonable endeavours to ensure that as many as possible of the workforce be recruited from the Pilbara) ...

That is the sort of clause that we see in agreements. Other words we see in agreements are these —

... during design and when preparing specifications, —

I am reading out some provisions at random in the document before me, Mr President —

calling for tenders and letting contracts for works ... ensure that suitably qualified Western Australian and Australian suppliers manufacturers and contractors are given fair and reasonable opportunity to tender or quote;

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Hon Jon Ford did refer to those sorts of terms in his speech, but he did so in a way to suggest that they are weasel words, that they are not sufficient words and that they are not fair to Australian suppliers.

**Hon Jon Ford:** Without targets you can't measure the success.

**Hon SIMON O'BRIEN:** The document that I was just reading from is the Barrow Island Act 2003. That act ratified the Gorgon agreement that Hon Jon Ford's government entered into.

**Hon Jon Ford:** And I agreed that those words had failed. We have to fix it.

**Hon Norman Moore:** But you did it again in another two state agreement acts.

**Hon Jon Ford:** Prior to those, there weren't any words at all.

**Hon SIMON O'BRIEN:** I think this is valuable dialogue and at least we are clearing the air on some things. I am acknowledging that the government of the day needs to do things. Hon Jon Ford is acknowledging that there may have been deficiencies in the past, but we are really acknowledging that we are in a dynamic situation and the marketplace is rapidly evolving and changing. We have several projects in our front yard that are of a scale that is unprecedented anywhere else in the world. It is not surprising to know that the supply chains and the manner of doing work have varied. I am agreeing with the member now by saying that we have to make sure that our industry is capable of responding to those challenges. That is not by mandating figures or making it compulsory for certain amounts of work to come to Western Australian companies because—I can describe this on another day—that would be counterproductive. I think the mover of the motion agrees with that so I do not think I need to debate that point now.

It is almost as though the honourable member is having the same exposure to experience and advice that I am and having the same thought processes. Shortly, in my own time—not during a 10-minute debate, as members will understand and appreciate—I will be making a statement and producing a plan that indicates some very concrete things that the government can do. I will have consulted with all my colleagues in government because a whole-of-government response is needed. Yes, I will be using terms such as centres of excellence. I will be recognising that design and engineering are the sorts of disciplines in which Western Australian companies can compete with the very best in the world, when perhaps some of our basic labour costs are letting us down when we have to bid in a global workplace.

We will be looking at how we interact with the commonwealth. The Australian government has a responsibility to take in all of this, particularly when we are dealing with the problems, as the member put it, of work going offshore. That is something that we need to do and will do. I referred to the industry capability network in answer to a question without notice from Hon Jon Ford yesterday. I think the model for the ICN, whatever its merits in the past, needs to be revamped, refocused and re-energised. I do not want anyone getting nervous because I am talking about creating better opportunities for us to do our job better in connecting Western Australian suppliers, manufacturers and contractors with where the work is. It is about enabling them. Whether that means they have to project themselves into the global supply chains offshore, as a lot of our companies are already doing, or whether it is about morphing their construction capacity into a longer-term maintenance capacity to take advantage of their own particular skills, I do not know. Either way, it is about connecting. I will be referring to a lot of other things and I know I will have Hon Jon Ford's interest when I do that.

To conclude on a positive note and a note of agreement, having put some of the other stuff to one side, I absolutely agree that the first form of leadership that the government has to show in this matter is to communicate with those companies that want to come here to do business, to ensure that we have good relationships. The commitment of companies to having good relationships with their host countries and host communities is the best weapon that we have to ensure that we get the dividends we are talking about. I look forward to further announcements in due course.

**HON LJILJANNA RAVLICH (East Metropolitan) [10.44 am]:** I rise to wholeheartedly support this motion. In doing so, it is fair to say that the message is simple: Western Australian jobs from Western Australian resources, and what can be made here should be made here. I find it absolutely incredible that we have \$176 billion worth of resource projects, either committed or under consideration by the state during the next few years, while workers are being laid off or losing their jobs and small, medium and large businesses are closing because of the lack of policy decisions on the question of local content. Apprentices and trainees who want to get the skills that they require to enable them to take up jobs within the resources sector are being turned away from public and private training institutions. We have to ask ourselves what is going on here. We should all be concerned about this. There is a lot of concern.

The first of two agreements that are continually referred to as good examples of the government not doing the right thing but allowing jobs to go overseas is the Oakajee port and rail agreement, which was signed in 2009

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and under which steel fabrication and engineering for the project will be done in China. I think the house should demand to see the Oakajee agreement. I do not think that the government should hide behind commercial confidentiality. The fact is that the agreement is now signed, sealed and delivered. There can be no harm or risk to the project, to the proponents, to the government or to anybody else from the public having a look at what is contained within that agreement. At the same time as the Premier signed that Oakajee port and rail agreement, he promised that projects such as Gorgon would fill up WA workshops for many years to come. The Gorgon project is a \$43 billion project that will employ 3 500 construction workers. When it is operational, that project will have a workforce of just 300. The Oakajee port and rail project is worth \$40 billion. It will require 2 000 construction workers. When it is complete, it will employ 300 permanent workers. It is obvious to me that the real window of opportunity for Western Australian workers is during the construction phase. When construction is undertaken, a lot of steel, fabrication, engineering, design and so forth is required. If we cannot capture that opportunity, the rest of it will not really deliver much in terms of jobs to the state because the ongoing workforce component is minuscule.

There is much concern about the lack of an appropriate response by this government. For the first time we will see the Australian Steel Institute; the Australian Manufacturing Workers Union; the Association of Professional Engineers, Scientists and Managers, Australia; and UnionsWA coming together to initiate a project that will culminate in a march to Parliament House—a community rally—on 15 March. These decisions are not taken lightly. It is not often that all parts of an industry come together. There has to be something very, very serious going on that precipitates this coming together. The question of Western Australian jobs going offshore is exactly what has precipitated this situation.

How do we in this state end up in a situation in which we have \$176 billion worth of resource projects while Kwinana has an unemployment rate of 12.5 per cent, which is about three and a half times the national average? Kwinana youth unemployment is probably up around 20 per cent. Businesses on the Kwinana strip are closing their doors day in and day out, laying off 20 workers here, 50 workers there and so on and so forth. Why is this rally taking place? I will tell members why. I do not know whether any members have seen the series *The Wire*, which is an American series about the loss of employment opportunities in communities in America. We only have to look at the experience in Ireland and other places throughout the world to see that where there are no jobs, there is no hope. Where there is no hope, people turn to drugs, violence, abuse and so on and so forth. Communities are then in peril and cannot dig themselves out of that situation. Quite frankly, as an Australian and a Western Australian, I do not want that to happen here. I do not want our communities to go that way. Every Western Australian deserves the right to a job. Quite frankly, if this government is not going to respond in a positive way, it can expect our communities to become desolate and to have increasing social problems, which will be much, much harder to fix than the local content policy for the state.

The lack of a local content policy in this state is ensuring that young people do not get opportunities. One of the biggest areas of training, historically, has been in jobs related to design, engineering and steel fabrication, and in the steel industry generally. The Minister for Training and Workforce Development's apprenticeship training figures are appalling. We know that commencements have trended downwards significantly over the past few years. In September 2008 the total number of apprentices and trainees in training was 37 929. In July 2010 the total number of apprentices and trainees in training was 38 770. That was a net increase of only 841 apprentices and trainees since September 2008. That is how much the total number of apprentices and trainees has grown in this state—841 in two and a half years.

Members need to keep in mind that when there is a skill shortage, employers want apprentices, and they want those apprentices to have qualifications and certifications and to be job-ready so that they can start work immediately. The number of apprentices in training as at September 2008 was 23 000. If we look at the figure in July 2010, the total number of apprentices in training was 19 380. There has been a decrease in the number of apprentices in training under the Barnett government of 3 620. Is that something to be proud of? The Minister for Training and Workforce Development says time and again that he is doing a wonderful job. Quite frankly, I would be disgusted with myself if I had produced that set of figures—that is, 3 620 fewer apprentices in training now than there were in September 2008. If we look at the figures for commencements of apprenticeships, in 2008 there were 8 779 commencements and in 2010 there were 7 924 commencements. That is not an increase. The figures for commencements of traineeships were 16 918 in 2008 and 14 087 currently. These are very serious areas of concern. Western Australia is not doing well in apprenticeships because it is not doing well in jobs. It is not doing well in jobs because the Premier does not respect workers and the government does not protect jobs.

**HON PHIL EDMAN (South Metropolitan)** [10.54 am]: As Hon Simon O'Brien said, my office is in Rockingham. I definitely do a lot of concentrated work in the Cockburn, Kwinana and Rockingham areas. I will talk about the time frame in which this matter was brought to my attention and I brought it to the attention of the

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government. On 14 September 2010 I met with James England, state manager of the Australian Steel Institute, to get a better understanding of the local content issue. On 25 November 2010 I invited members of the Rockingham Kwinana Chamber of Commerce to Parliament House to further discuss local content and the state government's efforts on this issue. On 30 November 2010 I wrote to the then Minister for Commerce, Bill Marmion, about including the Australian Steel Institute in any review of the local content policy, which I had been asked to do by the Rockingham Kwinana Chamber of Commerce. On 8 February I asked the Premier and the Minister for Commerce, Hon Simon O'Brien, to come down and meet with the Australian Steel Institute in my electoral office to discuss this issue. Following that meeting we visited four firms. I am happy to name those four firms, which were Pacific Industrial Company in Naval Base; United Industries (WA) Pty Ltd in Henderson; Cimvec Construction & Engineering Pty Ltd, whose factory covers about 29 000 square metres—it is the biggest factory space I have seen in my life; and Fremantle Steel Fabrication in Jandakot, which has been a family-run business for some 40 or 50 years under owner Vince D'Amato. We spent the day touring these businesses and listening to their owners, workers and managers. It was a pretty positive experience for the Premier and the minister. The everlasting impression I got was that the Premier was very impressed with the high calibre and quality of these businesses. Following that meeting and tour on 8 February, the Premier met with the big resource companies and, in my words, put a big rocket up all of them and asked them to give some of their work to the companies in the Kwinana industrial strip. Ninety per cent of the steel fabricators in Western Australia are located in the Kwinana industrial strip. That is the time frame on this issue, which I think is pretty quick. I will quote from an article that appeared in yesterday's *Sound Telegraph*, in which the Premier said that he had come down to discuss this issue and support local businesses. The article states —

However, Opposition State Development spokesman Mark McGowan said Mr Barnett must intervene to save local manufacturing jobs that disappeared during the boom.

Mr McGowan said a visit to a few workshops and then rejecting demands for any real action was not the solution.

I do not know what demands the Premier rejected from the meetings I attended. The next one is a corker. The *WA Business News* this month published an opinion piece written by Mark Beyer and headed "Steel fabricators need reality check". I will not read it all out. One thing it states is that —

It's not just companies such as Woodside and Chevron that are sending work overseas.

The state government has done the same. Back in 2007,

**Hon Nick Goiran:** Who was in government then?

**Hon PHIL EDMAN:** The Labor government. It continues —

the Labor government awarded a \$62 million contract for a floating dock at the Australian Marine Complex at Henderson.

This was part of a major infrastructure upgrade designed to help local firms be more competitive.

How ironic, then, that the supplier awarded the contract ... fabricated the floating dock ... in Vietnam.

This is not the same as what is happening up north, this happened in the previous government's own backyard in Kwinana. What a disgrace! It is all right to point the finger! The *WA Business News* published another article this month. I say again that the Premier met with the big resource companies straight after he met those major industry players in the Kwinana strip. This article in the *WA Business News* is unbelievable. It quotes Australian Manufacturing Workers' Union state secretary Steve McCartney as saying —

"We need him to speak to resources companies to ensure we get decent procurement and decent jobs for West Australians. If it can be made here, it should be made here, it's our gas, our rocks and it should be our jobs," Mr McCartney said.

He has done that; the unions should be happy with us to this date.

**Hon Robyn McSweeney:** They'll never be happy with us; they like grizzling.

**Hon PHIL EDMAN:** Maybe not. Anyway, I think that we are all concerned about local content. I know that the Premier does not believe in mandating levels of local content because he believes it will drive up the cost of major projects and result in jobs and projects exported overseas. We are taking a very cautious approach and we want to get it right. To back that up, I got a letter from the Australian Steel Institute on 11 February. I am happy to table it. I will read out a small part of this letter to the house. The letter states —

It is only by going into fine detail that the State Government can ensure good outcomes for the business owners of WA, the problem is complex and requires a detailed approach ... There may be value in

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petitioning Canberra for credit off-sets against the impending MRRT or accelerated tax depreciation on locally made items.

That is an issue the opposition may want to raise with the Gillard government. I think that is a good idea from the Australian Steel Institute.

I think it was on 17 February that Fran Logan, the member for Cockburn, called on the government to mandate levels of local content. But only yesterday in *The West Australian* on page 8 of “WestBusiness”, James Pearson, who is the chief executive of the Chamber of Commerce and Industry of Western Australia—I guess a lot of people in the house know him very well—said —

Mandating local content levels, which is what the unions want, is not the answer.

It would reduce the pressure to compete, to innovate and to become more productive. Costs would stay high. Ultimately, investors would start to think twice before doing business here.

And, as a State that depends on open international markets and free flows of foreign investment, that would be a dangerous step.

Therefore, the Chamber of Commerce and Industry is talking along the same lines as the Premier, and I think that should be noted.

I heard Hon Ljiljanna Ravlich talk about a march on 15 March. I have been a business proprietor for some 21 years. I have never in my lifetime seen—maybe the Deputy President (Hon Max Trenorden) can shed some light on this—the unions hold hands with business proprietors on a march to Parliament House. I have never seen that! What I have seen is the unions put pressure on business proprietors to drive up the cost of labour. That is what I have seen over the past 20 years and that has added to our steel fabricators not being competitive overseas and that is a disgrace. I would love to take a photo of them holding hands and we could put it up in Parliament House. We could all sit around and have a few wines with the former minister, Alannah MacTiernan, and have a good laugh.

In conclusion, the Barnett government is listening and acting on finding a solution to the issue of local content. As Hon Simon O'Brien said yesterday, we will deliver on local content in a week to a month's time. This is another example of how the Barnett government is working really hard to make Western Australia a better place to live.

**HON ALISON XAMON (East Metropolitan)** [11.03 am]: Firstly, I thank Hon Jon Ford for bringing on this motion for debate. I think that it is very timely, and very important that we talk about issues of local content. The Greens are of the view that we are reaching a juncture in the mining boom and the future of manufacturing in this state, and as such it is very important that we have this debate.

Accenture's “Developing Local Programs” paper states —

... *local content* is generally taken to be the total value added to a national economy through the localized production of select services and key materials, equipment and goods related to target sectors of the economy ...

It is very interesting to hear the government's response to this motion. I was pleased to hear the Minister for Commerce say that he was in fervent agreement with the theory that we certainly need to do everything we can to maximise local content opportunities for Western Australians. However, I must say that I feel that some of what he said was not necessarily echoed—particularly the tone—in Hon Phil Edman's contribution. The Greens do not share Hon Phil Edman's assertions that this government is doing everything that it possibly can and is doing a terrific job. What a cheap shot to have a go at labour costs in this debate! I do not know whether Hon Phil Edman is suggesting that we as a state should be advocating for far more repressed wages to ensure that large resource companies do not send the work overseas. I hope that is not what the member intended by his remarks.

I also note that there has been agreement from the opposition and the government, which the Greens share, that this is not an issue that is simply a problem for the existing government; it is an issue that successive governments have grappled with and it certainly is a complex area. I note that the previous Labor government effectively oversaw some quite serious overseas outsourcing, particularly in the steel fabrication industry in 2006–07. Therefore, this issue is not unique to the current government; it is ongoing. I hope there is a genuine shared commitment to try to reverse that trend because it is not the way that we want to move forward as a state. I recognise that this is a very complex area to legislate. We have obligations with the World Trade Organization, there are issues of national competition policy and there are state agreements that we need to work around; it is not straightforward. However, the only people I have heard in this place today talk about quotas have been government members. I have not heard that from the opposition and it is not coming from the Greens, so I am a

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bit surprised that it keeps coming up because I do not think that quotas are the sole solution. Quotas have been discussed in the past by various parties, but I think that people need to look beyond the simple concept of quotas.

This government seems to be fairly committed to regulating the activities of individuals at every single opportunity. We see that in the raft of legislation that comes through this place, particularly if we look at the government's law and order agenda. I wish that a portion of that legal effort would be put into the possible legal remedies that could be available to us as a state to maximise our local content opportunities. The question has to be asked: why is the government not chasing this as vigorously as it could or should be? I certainly hope that it is not because, ultimately, the government does not care about what happens to local workers and what happens to particular industries, especially the manufacturing industry, and that it is not prepared to entertain a serious long-term vision for the state. We know that when local content issues have been firmly addressed in other countries around the world, there basically has been a pretty gutsy staring down of some of the large corporations in allowing their activities, particularly around mining, oil and gas, in those regions. I have heard the argument that if we make local content matters too difficult for large corporations, they simply will not come here to mine. I am really pleased that no-one has said that in this place today, because I have never heard such a ridiculous argument in my life. We have resources and people want them —

**Hon Nick Goiran** interjected.

**Hon ALISON XAMON:** Mr Deputy President, I am not interested in entertaining interjections.

People want those resources, and it is about time we were prepared to make the determination, on our terms, on the way that we want those industries to conduct their activities here.

We need to reiterate why it is important to look at local content issues. Obviously, a trickle-down effect does not exist—not in any meaningful way. Very large corporations are making an awful lot of money from quarrying the state. We are not seeing a meaningful flow-on effect, particularly for local industries. We are clearly not seeing it, as has been pointed out. Industry and unions are working together on this and saying, “This is just not good enough. It has gone too far.” If that is as unprecedented as some people want to claim, surely that should be alerting people to how serious the problem has actually been. That is why we need to be taking firm action on this. This is about local jobs, this is about local workers, this is about local families and this is about people's livelihoods, but it is also about making sure that we do not lose that expertise overseas either now or in the future. It is about making sure that we have a vision for how we are going to operate as a state post the boom. Previous contributors have spoken about that. It is important that the flow-on effect of dollars being invested here is able to be fully felt.

The Greens have a long-term commitment to policies around local content. We see an enormous social dividend, but we also see an enormous environmental dividend as well. The reason is that there are important environmental implications for ensuring that there is local content in manufacturing as well. Overall, it lessens the carbon footprint—that is the first thing. The second thing is that there is a madness in shipping raw materials away from this state, to have them manufactured in other countries and then simply brought back again. For us, that is environmentally unviable. In effect, we are also outsourcing lowered environmental standards to other countries, which is not something that is good globally and is certainly not something that we are happy with. Obviously, as a result there is lowered employment and—this is a personal, ongoing issue of mine—lowered safety standards and the risks inherent in that. I note also the claims that some of the manufacturing work that is being undertaken in the state involves having to clean up the mess brought about by the lowered standards of quality of the work that has been outsourced. I have to say what a madness that is.

It is important that we turn our minds to this issue very seriously. As I say, now is the time to do it. This is about the long-term future of the state, but it is also about ensuring that a short-term social, environmental and economic dividend is paid to all Western Australians. I am not convinced that this government is doing enough, and clearly neither is industry, because that is why it is working hand-in-hand with unions.

**HON HELEN BULLOCK (Mining and Pastoral)** [11.13 am]: I touched on the issue of local content yesterday on a different motion, so I welcome this opportunity to make some further comments on the issue. Basically I believe the Premier made a mistake in signing the Gorgon gas agreement. He made a common mistake that ordinary citizens make on a daily basis. The mistake was that the Premier did not understand the tricky wording contained in the Gorgon agreement before he signed it. The Gorgon agreement stipulates that fabrication work might be done in Western Australia where it is “reasonably and economically practical to do so”. It is very tricky wording. If the Premier had have paid a bit more attention to the detail in this agreement, he might have done what Danny Williams, former Premier of the province of Newfoundland in Canada, did. I think all members on the other side should read the opinion piece in *The West Australian* of 11 November 2010.

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What have we done? Over the past 30 to 40 years Western Australia has been selling natural resources without any value-adding. During this period we have had countless opportunities to establish our downstream processing and value-adding manufacturing industries. Instead, we continue to export our natural resources because we think it is too hard to do anything with them and it is too hard to process them by ourselves. It is much easier just to import everything using the wealth we generate from selling natural resources. Today we are completely selling out our steel fabrication and manufacturing industry. Once we have done that, this industry will be gone forever. Nothing has changed for us during the past 30 to 40 years. We are still doing the same old thing—that is, dig the dirt out of the ground, load it on the ship and send it off. We have been doing that for the past 30 or 40 years.

A country that has been buying our cheap dirt for the past 30 or 40 years finally has had its dream come true. What is its dream? Yes, I am talking about China. It has been waiting for this day ever since it started to buy our dirt 30 or 40 years ago. This is what it has been doing: import raw materials, because it does not have them; establish its steel production industry, which is well established by now; and then develop its fabrication manufacturing industry. It has streamlined the whole process from steel making to steel fabrication. It has also established other related value-adding industries associated with steel making. It has it all now. Not only is China dominating our import market, but also, without much notice, it is quietly creeping into our finance market. It is lending back the money that is generated from the goods it sells to us. It is gaining the control of not only the international trade but also the finance market. With the wealth generated from the trade and finance, it is moving into the high-tech field. China is no longer a nation of shoemakers now; they are bankers and investors. Not like us; we are still the dirt diggers. We have not changed much.

It is a real worry that after the mining boom, in perhaps the next 30 or 40 years, we will have nothing left. We should have been doing what China has been doing for the past 30 or 40 years. The lack of vision, lack of long-term planning and lack of patience will be our downfall. As a former citizen of China, I feel happy for it, but as an Australian citizen, I think I should weep. It is too late, I know, to amend the terms of the agreement. However, something must be done. I hope the Premier has realised that. I hope the Premier realises the seriousness of his mistake in this agreement and takes urgent action to protect the Western Australian manufacturing business sector.

**HON KATE DOUST (South Metropolitan — Deputy Leader of the Opposition)** [11.20 am]: I rise to make a few comments and to pick up on some of the themes Hon Helen Bullock mentioned. This motion is about our future and having great vision, policy and planning so that our children can have jobs in the future. It is also about ensuring that we bring more dollars into our economy. Hon Phil Edman said that he visited the Kwinana strip with the Premier and that the Premier told the companies there to get jobs and to bring them on. I also understand that the Premier has been telling the companies to advertise and inform the public about how much local content is being brought on in this state. Advertising is simply not enough; we need to create the work and bring the jobs back into Western Australian, and we need to bring the dollars here in the future.

I have been provided with information about the vast number of oil, gas and mining projects that have been awarded to overseas companies in the past three years and I have cherry-picked a number of examples for members. In 2009–10, the \$250 million CITIC Pacific mining project at Cape Preston went overseas to the China Metallurgical Group Corporation; in 2010, the \$100 million Karara Iron Ore and Gindalbie Metals Pty Ltd magnetite projects were awarded to Sino Iron China; the Kwinana nickel smelter project was awarded to an Indian fabricator; and a range of Gorgon projects went to various companies in China and Batam. They are examples of jobs and work that could have been done here and of dollars that could have been brought back here.

I was interested to hear Hon Phil Edman talk about his engagement with the Rockingham Kwinana Chamber of Commerce. I and other members had the good fortune to meet with that group yesterday. They talked to us about their concerns about local content and said that they have been applying for tenders but that the process of going through a tender can take a year or two or more. A lot of time and money is invested in the tendering process. They have found that jobs are going offshore and they are not getting the opportunity to get work in these major projects, particularly the projects in the north west. They told us about the competition they have when bidding against the Chinese, particularly for the magnetite projects in the Mid West. They are not being given those opportunities. They also told us that the government must have a good policy framework to make sure that the work does not go offshore. They said they have noticed a significant difference in the past two years in the declining number of projects coming back into this state. They believe that the government needs to put in place a policy framework to ensure that Western Australian companies have the opportunity to not only put in a bid, but also get the work. This is about ensuring that the state's young people have a future so that when they do an apprenticeship to become a boilermaker, sparky, plumber or whatever, there will be work for them at the end of it.

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Although the government acknowledges that there is a problem, it needs to provide more clarity and certainty for the state's industries. I look in particular to my electorate. The Kwinana strip has a long history of work in these types of industries. People who had an apprenticeship in the 1960s and 1970s were pretty much guaranteed enough work for life. But that cannot be said any more. My niece was in an apprenticeship to be a boilermaker but she pulled out of the apprenticeship before finishing because she was not sure whether she could get a job at the end of it. She is now doing something different. The government must communicate effectively with all the players and tell them what it will do. The government must have a plan.

Hon Helen Bullock talked about what we will do beyond the boom. She is right. What is the plan beyond the boom? We cannot always rely upon the resources sector and we do not want to see dollars and jobs go offshore because that does not return a benefit to our community. I talked about this type of issue a couple of days ago when we debated the Charitable Trusts Amendment Bill 2010. We must have a plan to establish other viable industries. I have an interest in the information and communications industry. That industry is always telling me that it does not have government support. There is a viable ICT industry in Western Australia but it does not get the connections, jobs or support that it needs. Jobs are going offshore and we are losing talented people in that industry to overseas companies. The people are leaving because they cannot get work here. We should look at running that industry alongside the mining and resources sector. We should be promoting it and making sure that the local content principles apply to it so that the people who engage in that work will also have a future. The young people who wanted to work in that area could then be assured that they could remain in Western Australia to work. That would enable them to plan for their future, raise their families here and be provided with a decent standard of living. The government does not have that vision. It needs to have that vision.

I watched with interest the Liberal Party's traditional knuckle-dragging approach to workplaces, unions and working conditions, and I thought to myself, "Nothing changes." Liberal Party members say that they acknowledge the problem, but nothing changes. It always gets back to the Liberal Party's belief that we can be competitive only if we screw the workers over, so let us talk about wages.

**Hon Norman Moore:** Are we onto the class warfare again?

**Hon KATE DOUST:** I am not going on about the class warfare again, but I listened to what a Liberal Party member had to say, and it was Neanderthal, knuckle-dragging Liberal workplace policy. Nothing changes.

**Hon Norman Moore** interjected.

**Hon KATE DOUST:** I applaud industry and unions.

**Hon Norman Moore** interjected.

**Hon KATE DOUST:** Leader of the House, I have the call.

*Point of Order*

**Hon ED DERMER:** Although I am in very close proximity to Hon Kate Doust, I cannot hear her because the Leader of the House across the way insists on making monologues without rising to his feet, which is disorderly. I ask you, Mr Deputy President, to take the appropriate action.

**The DEPUTY PRESIDENT (Hon Max Trenorden):** There is only two minutes left for the debate. I suggest that Hon Kate Doust be heard in silence.

*Debate Resumed*

**Hon KATE DOUST:** We are used to hearing the Liberal Party take a Neanderthal, knuckle-dragging approach to workers' conditions as the only way to be competitive. Hon Phil Edman told us how unusual it was for industry and unions to work together and collaborate, but he also wanted to have a nice photo taken. Unions and industry have a long history of working together because both groups know that by working together they will get the best benefit for not only their employers and industry, but also the state. Those two groups have come together publicly to put the pressure on this government and to take the task up to it and tell it to get its act together and deliver for the people of the state so that our workers and children can have jobs in the future. Bring the dollars back in, work out what the issues and challenges are, address them and fill in the gaps so that we have some surety for the future. Hon Helen Bullock is right. We do not want to be the dirt diggers of the future. We want to be the creators, manufacturers, information technology specialists and innovators. We want to be at the cutting edge of industry, whatever the industry is. We do not want to be known just as the state that digs up minerals and flogs them off so that someone else can produce the goods. That is one of the key concerns of the members of the Rockingham Kwinana Chamber of Commerce. They tell us that it is not only the primary industries that are missing out, but also the downstream processing industries. They are not getting a foot in the door, which is a real concern for them. This government has a challenge ahead of it. It must work out how it will

**Extract from *Hansard***

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develop a vision and a plan to deliver for not only the workers, but also industry so that we can create and keep jobs here in our state.

**The DEPUTY PRESIDENT (Hon Max Trenorden):** Order! Members, the time for debate on this motion has almost expired—there is five seconds to go. Does the Leader of the House wish to respond? The time has expired.

Motion lapsed, pursuant to temporary orders.

*Point of Order*

**Hon JON FORD:** Mr Deputy President, I wonder whether you might be able to give me some guidance. I am not up to speed on the rules with regard to the temporary orders, but I thought that a question would be put.

**The DEPUTY PRESIDENT:** Non-government business motions do not have a question put, Hon Jon Ford. The time just expires; and that is what has just occurred.