

“LOCAL CONTENT REPORT — NOVEMBER 2012” — TABLING

Statement by Minister for Commerce

HON SIMON O'BRIEN (South Metropolitan — Minister for Commerce) [2.08 pm]: I am pleased to table the Barnett government's fourth “Local Content Report”. These reports have been produced by my Department of Commerce every six months since May 2011. The reports serve the purpose of providing both the Parliament and the people of Western Australia with a range of information regarding mineral and energy developments in this state, the levels of local industry participation being realised and the state government's role in supporting our business community. I consider that these reports are very necessary in a climate of often heated debate that has come to characterise the local content issue.

The first report provided an explanation of the enormously changed environment in which local suppliers to our resources sector are operating, while the second detailed the initiatives contained in the state government's Local Industry Participation Framework that I launched in July 2011. The framework continues to be the basis of our approach to ensuring that Western Australian industry is provided with full, fair and reasonable opportunity to supply to the resource sector. There is ample evidence that the framework approach is succeeding.

As detailed in the current report, since July 2011 \$30 billion of publicly announced resource-related contracts have been awarded to Western Australian-based companies. The Department of Commerce estimates that this represents the retention or creation of over 75 000 jobs within our economy. It is an economy that, despite sharp movements in some commodity prices, continues to enjoy strong growth prospects. For example, the Chamber of Commerce and Industry is forecasting a growth rate for Western Australian of over six per cent in both 2012–13 and 2013–14. Project reports received by the government under agreement acts show exceptional rises in both construction and operational spending when the November 2011 and November 2012 reports are compared.

Our confidence in the future is shared by the international business community. For example, the current report outlines that 85 major manufacturing and service companies operating in a global market environment have established or significantly expanded their presence in Western Australia. However, Western Australia operates as an open economy exposed to competition for investment and trade. Therefore, it is important that the government acts to retain the local benefits from the exploitation of our natural resources. To this end, we have been operating the industry facilitation and support program, which is designed to facilitate local small to medium-sized enterprises entering or operating in the resource supply market. When the first round closed in June 2012, 120 companies had been approved for financial assistance of over \$2.5 million. Projects that we supported include capital equipment upgrade, enhancement of business systems and quality and safety accreditation and training. We have already received reports from over 30 companies on outcomes realised. These are overwhelmingly positive and include improvements to competitiveness and productivity, and consequently increased contracts and employment.

Finally, when I launched the framework in July 2011, I emphasised that this government intended, through consultation with all relevant stakeholders, to remain very close to this issue and to be flexible and responsive in making policy adjustments. Consequently, the November 2012 report contains a further 10 initiatives for implementation. These initiatives have been developed as our understanding of the factors governing local industry participation has deepened. There is a continuing need to ensure that project proponents' planning and procurement models reflect the state's policy and that local companies understand the complex range of factors that comprise contractual success.

I commend this report to the house.

[See paper 5425.]