

SKILLED JOBS (BENEFITS FROM THE BOOM) BILL 2012

Second Reading

Resumed from 13 June.

MR M. MCGOWAN (Rockingham — Leader of the Opposition) [4.00 pm]: I rise to add my thoughts to the legislation put forward by the member for Willagee, the relevant shadow minister, who has second read the Skilled Jobs (Benefits from the Boom) Bill 2012. For a bit of context, this is the second time that the opposition has brought in legislation of this nature to attempt to ensure a greater level of local jobs and local content in mining projects in Western Australia, and we do that quite deliberately. We are very concerned that many businesses across Western Australia are not securing a sufficient amount of work from the state's mining industry. There is absolutely no doubt that Western Australia is a successful place; there is no doubt that our mining industry has boomed; and there is no doubt that it has continued to be successful, irrespective of some of the downturns around the world, and that we are inextricably linked to some of the economies to our north, which have bought large amounts of the mining and resources products that this state is responsible for, and that that has continued to drive a large part of this state's and this nation's economic success. That is a good thing. I think both sides of Parliament are on record as supporting our mining industry, wanting it to be a success in Western Australia and wanting it to continue to be successful in this state. We also want to see other industries have their place in the sun. We want to make sure that other parts of the state's economy have their moment in the economic sunshine that this state is enjoying.

We do not want the mining boom and the mining industry to kill other industries. We do not want to see what has happened in other places around the world where the mining industry has been so successful that other industries have suffered as a consequence. It is easy for governments to allow that to happen: the mining industry takes away all the attention of government and takes labour, government resources, and legislative and ministerial time away from other industries. It is incredibly important that Western Australia retain a diverse economy with a range of industries that prosper and are successful, because in Western Australia more people are employed outside the mining industry than are employed in it. Although we on the Labor side of the house have been responsible for the approvals for many of the projects currently coming to fruition in Western Australia, we have done so on the basis of still supporting other industries across our state. I am concerned about those other industries—tourism, construction, building, retail, hospitality and the like. We have seen from the Labor opposition a range of policies to deal with each of those industries—a range of ideas out there to try to make life easier for those other industries; to try to give them some opportunity to prosper and share in the state's success, as the mining industry has. We owe it to businesses and employees around this state to ensure that time, respect and effort are put into those other industries by the state government to ensure that they prosper as well. That is what this approach is about.

A couple of weeks ago I met with a range of companies in the Western Australian manufacturing and fabrication sector at a business on the Kwinana industrial strip. To their credit, they left their businesses and met with members of the opposition and me and explained what has happened to their businesses over recent years. This is one of a number of meetings I have had with businesses in the manufacturing and fabrication industries around Western Australia, but in particular on the Kwinana industrial strip, to hear about their concerns and what has gone on in those businesses.

I have lived in this state for 22 or 23 years, and over that time a lot of those businesses have been successful, even though the state's mining economy at various times during that period was not as successful as it is now. Some people would find it paradoxical that at a time of great success in our state's mining industry, manufacturing and fabrication industries are going bankrupt and laying off staff and apprentices and the like. Certainly, some of the people I have spoken to—I have seen some of the media commentary of some of the people who run those manufacturing and fabrication businesses—find it difficult to understand how, in a state that has been so successful for so long, they struggle so much to get contracts, opportunities and some of the work that should be coming out of the mining industry for those businesses. I agree with them. How can that be, in a state that is so successful and has multibillion-dollar projects—for some single projects, scores of billions of dollars of expenditure are involved—that are the biggest in the country's history, including the Snowy Mountains scheme? How can it be that these small and medium-sized enterprises, which are highly skilled and have great experience and people with good business acumen, are going bankrupt? How can it be that that is taking place in Western Australia? Something is wrong when that is happening, and there is some failure that we as a Parliament have to take responsibility for when that is happening in Western Australia.

A couple of weeks ago I met with these various businesses—perhaps eight or 10 or so—that went over their individual circumstances, and they explained to me what has happened in their businesses. Almost uniformly—

Extract from Hansard

[ASSEMBLY — Wednesday, 24 October 2012]

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in fact, uniformly—the number of employees they had on their books had gone down, the number of apprentices they had on their books had gone down, their forward order books had reduced over recent years and they have orders for only a short period ahead, and they are worried about the future. They almost uniformly also indicated that the work they undertake is of a high quality, and it is acknowledged as high-quality work. The work they undertake is respected and understood to be of a higher quality than imported work often is. But, uniformly, they are laying off staff and reducing the number of apprentices. Some of them are going to the wall and some of them are concerned about their future. It is incumbent on us as a Parliament to listen to those people and those businesses and to take up their case to see what can be done.

In Western Australia we live in a free market. We are a great trading state—the greatest trading state in the nation. We produce one-third, or perhaps slightly more, of the nation's exports, predominantly due to the mining industry, but also other industries. We are a state that believes in engaging with other countries and ensuring that there is free and open trade between this state and other countries around the world. As a state, we have a trade surplus. Other states do not have trade surpluses. We have a trade surplus, which, of course, benefits the national economy, because it is our trade surplus that keeps the nation's balance of payments in check. We are a great trading state that supports the rest of the country in so many ways, but how does that help these people who have invested their family capital, who have put their houses on the line, who employ their family members and other members of the community in their businesses? How does all of that help them when they cannot survive? How does that help the southern or northern suburbs of Perth or some of the areas around the south west of the state that rely upon the manufacturing contracts issued by the big mining companies? How does all that success in the state help them? Many of them are not feeling the success. They do not feel that they are the beneficiaries of how well Western Australia has been performing in recent years. As I said, this state has to be about more than just mining. Western Australians are concerned that the focus of the state government is so predominantly on mining that other industries are being forgotten, and I am concerned about that. The member for Willagee introduced the Skilled Jobs (Benefits from the Boom) Bill 2012 to deal with that concern.

This is relatively light-touch legislation. I have been to other countries and have seen what happens. Other countries have extremely strict rules about local content. I have heard examples of the local content rules in Newfoundland and about the one-China policy. I have personally seen the Jones act in operation in the United States of America. Under that act, the US Navy does not buy any ships that are not manufactured there. Countries around the world apply heavy-touch regulation for local content in order to ensure that the industries in those countries are the beneficiaries of the work undertaken in those countries. The Labor Party and I are not proposing that; we are proposing relatively light-touch legislation. Essentially, we are proposing transparency for major projects undertaken in Western Australia so that businesses provide an explanation to the state and to local contractors about what jobs will be produced from the projects. Is that too much to ask? Is it too much to ask the state of Western Australia to seek and receive that transparency for those projects? I do not think it is.

This legislation would ensure that mining or resource-related projects with a carrying capacity or amount exceeding \$200 million would be required to provide a skilled work agreement, and that that agreement be negotiated in conjunction with the minister. The agreement sets out a range of things at the outset. The sorts of things it would specify are the major project services that the proponent of the mining project expects to be carried out in Western Australia; the number of hours the company expects to engage in work on the project with Western Australian companies; the number of apprenticeships and trainees expected to be put in place; which services will not be carried out in Western Australia, and why; the research and development investment for the project that is expected to be carried out in Western Australia; the standards and specifications the project proponents will use, and an explanation of the Australian standards and specifications if they will not be used; the quantity of fabricated steel required and how much of it will be produced locally; how and when the proponent comply with these provisions; and the procedure by which the minister should table an individual skilled work agreement. That agreement would provide transparency about what work will be carried out for major projects in Western Australia. All we are asking is for those things to be specified.

I think major companies should produce that information. Investors in Western Australia should provide that information to the state. The resources and minerals of the state, as the Premier regularly says, are the property of the state. When companies mine them, they are mining the minerals and resources that are the property of the state. If the state allows a company to mine those resources, the state can put some obligations on that. We do put obligations on companies. We have obligations for royalties, environmental compliance and often rateability. We place all sorts of obligations on companies. This is just an obligation for transparency in relation to what jobs will be accrued locally and what work is expected to be conducted locally. It is not onerous or hard, but it will ensure that those companies that carry out major work in Western Australia are honest with the people of this state about what the companies intend to do to provide local work and local jobs. This is light-touch legislation. It is not about mandating; it is about transparency. It gives local business the opportunity to bid for work and

allows local businesses to know what opportunities they will have when major projects are undertaken in Western Australia.

We would like to vote on this matter today and for Parliament to deal with it today. This bill has been on the notice paper since the first half of this year, so opposition members will not speak on it for a long time. We would like this matter brought to a conclusion today so that we can understand exactly the view of members on each side of the house and whether they support skilled local jobs agreements and light-touch transparency that will allow a greater numbers of jobs to be generated in Western Australia from our mining projects.

I thank and welcome all the people from industry who are in the public gallery today. Employees and employers have come here today. They are ordinary people who are worried about their jobs and who want to make sure that their businesses and families get a fair go in this state. We are very supportive of ensuring that that is the outcome and we believe this legislation will help achieve that outcome if it is passed by Parliament.

MR R.H. COOK (Kwinana — Deputy Leader of the Opposition) [4.17 pm]: I rise to speak briefly on the Skilled Jobs (Benefits from the Boom) Bill 2012 because it is very important legislation. Members will be aware of the Kwinana industrial strip, or the Western Trade Coast, in Kwinana. That is an important aspect of the local economy in my electorate. To give members an idea of just how important it is, the combined annual output for the Kwinana industrial strip is \$15.7 billion per annum. The Kwinana industrial strip employs approximately 4 800 people directly and another 26 000 indirectly. Of those 4 800 people who are employed directly, 64 per cent live locally. This is an issue of crucial importance to the people in my electorate, and, for that matter, the Leader of the Opposition's and the member for Warnbro's electorate. What happens on the industrial strip has a direct impact on these people's lives. That is why we are particularly concerned to make sure that Parliament understands just how important this legislation is.

In my part of the world there is a chronic shortage of jobs and opportunities for young people. With youth unemployment floating around the low 20 per cent mark, it is obviously an issue about which we are acutely concerned. We know the Liberal Party's solution to these sorts of chronic social problems: the member for Jandakot detailed it fully for us when he simply said that they are all a bunch of druggies and we should drug test them because that will solve the problem. It is clear where government members' priorities lie, and they are the wrong priorities. The priority for this state is to make sure that we have an economy that is taking our community forward. This is called the skilled jobs legislation, but it is also about the sort of economy we want for the future. Do we want to continue to simply put our efforts, our public policy and our concentration into the mining industry to make sure we can exploit in a quarry-like manner the minerals of this state; or do we want to be the clever state? Do we want to have opportunities in the future that add value to the economy? This legislation is important for two reasons. Firstly, it is about making sure that we are the clever state; and, secondly, it is about local jobs, particularly to give our kids opportunities in life.

I have had the opportunity to speak with many local metal fabrication and engineering firms in my electorate, and the stories they tell about the status and nature of our engineering industry are, quite frankly, frightening. They paint the picture of an industry that is continuing to suffer from a deteriorating competitive environment. That is, the social and economic infrastructure and public policy under which they are working undermines their competitiveness and capacity to bid for jobs that they wish to bid for. This is not just a question about wage rates or wage costs. This is a question about how we structure our industry and our local engineering market to make sure we can exploit these opportunities into the future. There are glitches or lumpy horizons in the construction industry that provide occasional and temporary relief for these firms. However, we are looking for a sustainable, long-term, strategic approach to the engineering and metal fabrication industry so that these companies are given the opportunity at the right time, with the right sort of intelligence and the right level of support from the government to bid for and to make sure that they are successful in bidding for these jobs. If we do not do that, the impact will be immediate and direct.

I remember speaking to the owner of one firm—I referred to this in my last speech—who spoke fondly about employing 20 apprentices six years ago. He had 20 apprentices on the floor—young people getting the opportunity to get a career and to hone their skills in the metal fabrication area. At that time the manager of the engineering firm said that that number had gone down to five and he was looking to lay off two. These are the apprenticeships, the training opportunities and the jobs that young people in my electorate are looking for. These are the jobs that kids currently in places like Gilmore College, building their level of skills in pre-apprenticeship training to make sure they can take advantage of this opportunity, would ordinarily move into. They are not getting those opportunities now because of the structural impacts of the market on this industry. We therefore have the capacity in our workforce. We have young people looking for training and apprenticeship opportunities to begin their career in the metal fabrication industry. We have companies that have spare capacity. One company explained to me that at the moment it is employing around 300 people on short-term contracts, but that

it would employ 500 people if it had the contractual opportunities to do so while there is unemployment. We have the capacity in the industry and we have the best of times. We have a mining industry at the moment that is going gangbusters and we have extraordinary economic growth, yet we see these industries, which should be enjoying the very best of times, struggling to get long-term and sustainable forward growth in their contract work and struggling to see where the opportunities will come into the future.

The skilled jobs bill will do a range of things, as the Leader of the Opposition said and the member for Willagee explained in his second reading speech. Most importantly of all, it will shine a light on the projects of companies that are enjoying the best of times at the moment, to see where the local job opportunities are coming from. The bill is not onerous and it does not mandate labour levels. It does not mandate local content. It will, however, shine a light and create transparency, as the Leader of the Opposition said, and this is the most important aspect of all. There is a reason this bill does not call for mandating. Apart from the fact that we do not believe that it is the best way to go, the industry does not need it. The industry is capable of standing on its own two feet. It is capable of going out and bidding for jobs. It is capable of winning those jobs. The industry is not getting the opportunity because, quite frankly, the projects, particularly the design and pre-engineering stages of those projects, are all being done offshore. These companies, therefore, without being compelled by either public opinion or regulation—in this case we say public opinion is sufficient—are sending these opportunities offshore. Metal fabrication firms therefore say to us, “Give us the opportunity to bid for these jobs. Give us the opportunity to get in at the same point of the bidding process that overseas firms get. Give us those opportunities and we can show you that we are competitive and that we can win these jobs because we are efficient. We have invested in technology in our workshops, and we are in a position to actually grow our businesses as a result of it.” However, the timing of the bidding process, because the design and other supply chain decisions are made elsewhere—that is, offshore—are disadvantaging these companies. That is not the fault of these companies. That is not the fault of the workers who work in these companies. It is a market structural problem. It is where the market is failing because there are barriers to entry for our firms to access these opportunities. When there is market failure, there is a positive moral obligation on governments to step in, to intervene and to actually remedy the situation so that we are able to be competitive. But our firms cannot be competitive and cannot win those jobs if they are disadvantaged simply because of the structures that exist within the industry.

One particular example was put to me that is a very good example of how the pre-design phases are stacked against our local employers. In some design work around bidding on airport expansion, the design for steel trusses had been rejigged—that is, specifically crafted—around the idea that the trusses could fit inside containers. It was therefore envisaged that these trusses would be fabricated offshore and then imported. That is a great example of how this is not simply a case of our companies and our local employers not being competitive. This is an example of how on many occasions these companies are structurally disadvantaged on large projects and are pushed out of the bidding process and prevented from having the opportunity to employ local people to do this work.

Of course there is not a member of this place who has not heard, anecdotally or otherwise, examples of modularised mining construction projects being brought in onshore only for the companies to realise that the work is either incomplete or not of a standard or a quality that is expected in this state. All this work is then shipped or sent into our local workshops to be fixed up. The work is actually taken into our local workshops to bring it up to the standard that is expected in this state. Our companies are expected to fix up this botched-up work and are rather reasonably asking, “Why weren’t we given the opportunity to bid for this work in the first place?” Why is proponent X or proponent Y, particularly through the design phase of the project, essentially exporting local jobs by not giving our local companies the opportunity at that stage of the project’s development to bid for involvement in that design and pre-engineering phase so that they can actually win the jobs? As one firm observed to me, conversations are going on in the industry of which we are not even part. That is a very significant problem because that represents a structural problem in the market. That represents a market failure by virtue of the barriers that are being artificially put in the way of our local employers who would use our local young people to work on those jobs. When we have market failure, it is the government’s responsibility to remedy the situation. We have sought part of that remedy, which is to say, “For all those big projects and companies out there that are very much enjoying the benefits from the boom, we are very pleased that you are enjoying the benefits from the boom, but it is a pity about the other people in Western Australia who are not part of your celebrations, particularly the benefits of our mineral resources and economic infrastructure, what are you doing to put jobs back into this economy?” It is a fair question. We do not put a number or a proportion on it. This is not prescriptive legislation. This is just saying, “Own up. You tell us what you are doing to create local jobs.”

It is important that this legislation goes through. It is important because we want our kids, particularly the kids in my electorate of Kwinana, to enjoy the benefits of the boom. We want the industry, which is a clever industry, to

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bring to bear its entrepreneurship, its capacities, its clever thinking and its innovation for some of our big projects. We want an industry that creates opportunities for the future and does not just dig up the metals and resources now for everyone to be left sitting around afterwards saying, “What was that about? What was the benefit in that?”

One company has made the observation to me that forward orders for some of our engineering firms are sitting at around only 2.5 months, whereas they used to sit at around 10 to 12 months. This is an indication of just how fragile these industries are and how difficult it is for them. It is not because they are not competitive or they are not clever. It is not because they are not competitive in labour costs. It is because they are structured out of the market from which many companies exploiting our resources benefit. It is a reasonable question for any government, even a government as timid as this one. It is reasonable for any government to say to employers, “What are you doing for local employment?” Let public opinion decide where that should land. Once we shine a light on this, these companies want to be competitive in the reporting process. Watch those companies then start to say, “Look at how many jobs we are creating in Western Australia. Look at how many opportunities we are creating for younger people in this state.” If government members do not think that works, they should cast their minds back to when we began this strategy. I remember looking at a January 2011 Chevron newsletter. This newsletter set out at length how cleverly Chevron was having stuff manufactured in Aberdeen, South Korea and other places offshore. At that point we began the WA Jobs from WA Resources campaign. That was the point when local engineering firms, unions and other industry bodies started working together to highlight this issue. It was interesting to note that by the April edition of Chevron’s newsletter, the company was talking about all the local jobs that it was creating.

Do not think that having some transparency in this system is not effective. Do not think that this legislation will be toothless. It will be effective. It does not mandate employment. It is not prescriptive. It simply creates accountability and transparency and it will work. I commend the bill to the house.

The ACTING SPEAKER (Mr P.B. Watson): The member for Collie–Wellington.

MR M.P. MURRAY (Collie–Preston) [4:36 pm]: I would like to follow on —

Mr D.T. Redman interjected.

The ACTING SPEAKER: That is all right. I called the wrong seat!

Mr M.P. MURRAY: I am on your side.

The ACTING SPEAKER: You’re just my roommate; that is all.

Mr M.P. MURRAY: You used to be my roomie once, but you are out from now on!

In addressing the Skilled Jobs (Benefits from the Boom) Bill 2012, I would like to speak about the lack of benefits from the boom. Certainly in the south west it is not a boom at all. It is bordering on a disaster anywhere south of Mandurah. Previously, we had the Worsley project and the Muja A and B projects down there. Worsley has wound down with 2 000 jobs lost. Muja A and B is winding back and now there is only shutdown work for people in that area. Why? It is because this government does not care. It does not care; we can see that right now because the Premier is not in the chamber while we debate this important piece of legislation. It is about time he brought himself in here and listened to what is being said. While he is sitting outside, we will have problems in WA, and do not believe that we will not! We are heading towards a slide because we are not taking enough time —

Mr D.T. Redman: None of you were in here when the opposition leader was talking.

Mr M.P. MURRAY: The Minister for Agriculture and Food is one of the problems down in the south west. We have five ministers —

Several members interjected.

The ACTING SPEAKER: Members, let us hear the member for Collie–Preston. He is on his feet. He is the only one I want to hear.

Mr M.P. MURRAY: As I was saying, we have five ministers in the south west and not one of them will stand up for the south west. We can see the lack of projects that are down there—absolutely none! We canned the \$300 million pipeline. We canned the \$10 million worth of work for the South Western Highway. We canned the desalination plant for \$30 million in the Collie region.

Mr D.T. Redman interjected.

Mr M.P. MURRAY: Start adding that up and see how many jobs are missing out of there.

Extract from Hansard

[ASSEMBLY — Wednesday, 24 October 2012]

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Mr Mark McGowan; Mr Roger Cook; Mr Mick Murray; Dr Kim Hames; Acting Speaker; Mr Fran Logan; Mr Joe Francis; Mr Troy Buswell; Mr Bill Johnston; Dr Mike Nahan; Mr Peter Tinley

One of the major things happening down in the south west is that the Bunbury Chamber of Commerce and Industry, one of the most conservative groups in the south west, is now criticising the government for a lack of jobs in that region. The retailers in that area are doing it tight because people have moved out. They have moved up and they are picking up jobs in the pork barrel north. There is no problem with people moving out, but we must have jobs in the south west and it is not happening.

Mr D.T. Redman interjected.

The ACTING SPEAKER: I call the member for Blackwood–Stirling to order for the first time.

Mr M.P. MURRAY: The only time he speaks about the south west is when he interjects. He certainly does not get down there —

Point of Order

Dr K.D. HAMES: The member is not speaking to the Chair. He is attacking members on this side of the house.

The ACTING SPEAKER: There is no point of order.

Debate Resumed

Mr M.P. MURRAY: The only one on the wrong side here is the Leader of the House. I am speaking through the Chair if he wants to watch and listen. Maybe he was asleep just then and he did not hear me talking to the Acting Speaker.

Dr K.D. Hames: You were directly having a go.

Mr M.P. MURRAY: The Minister for Agriculture and Food was interjecting all the time. That is what he usually does —

Several members interjected.

Mr M.P. MURRAY: Even today, as I said, the Bunbury Chamber of Commerce and Industry is putting ads in the paper because it cannot get any results from its local members. The member for Bunbury is also not here. He and the Premier should be ashamed of themselves and their representation on the industries down in the south west. As I said, once the big Worsley job finished, there was not much to go on to.

I turn to another issue. This is something I really, really think people should listen to. Not less than two hours ago I got a phone call from a company that is distressed about what has happened in the south west. The company put in a tender for the artificial reef that is to be built in the south west. The reef is within throwing distance of this company; it can see from its front door where it has to go. It missed out on that job to a Korean company. That is what is wrong with this government—it is turning a blind eye to that. The job is very small in comparison with those in the north west; it is worth \$1.8 million. The Department of Fisheries took the dearest tender, which was put in by a Korean company. A local company called CDJ Engineering and Consultancy Services Pty Ltd spent \$15 000 trying to get a local job. The job was in its area. It missed out on it because the fisheries department decided that a company from overseas was better. It is very similar, but on a smaller scale, to what is happening in the north of the state. This government does not care. This is a government department, not private enterprise, that has gone outside the boundaries of fair play and allowed this Korean company to come in. This government is cutting back on police and health services and services in other areas, yet it could have saved \$400 000 on this project. That was the difference between the tenders. Why has the government done that? It does not care about the south west. It does not care about small business people in the south west, because there are too many ministers down there with safe seats, such as that one over there. They just ignore small business people. That minister wants to fly around the world. He wants to bring in things like genetically modified crops. He wants to poison people around here, but he does not want to do the hard work to keep people in jobs and to support small businesses, which employ most of the people in the whole of Australia. The small business community in the south west is certainly getting burnt out. It is working very hard to stay afloat. Who is the biggest employer? It is those small business people. As those small businesses start to fold, jobs are lost. What happens to those people then? They move to the city and the smaller towns just fade away. Some of the fabrication jobs that are being done in my area now have to compete directly with the Chinese.

It is good to see the Premier back in the chamber. It is good to see that he has graced us with his presence.

Mr D.T. Redman interjected.

The ACTING SPEAKER: Minister for Housing, you are on two strikes.

Mr M.P. MURRAY: I wish that the Premier had listened to what I just said. I hope he reads *Hansard*. It is very important that he tell me why the fisheries department gave to a Korean company a contract that was worth more than \$400 000 more than this south west company tendered for. Small subcontractors, including some concreting

companies and some civil works companies, could have lived off the back of that contract. This small company spent \$15 000 and it is now struggling to find work.

Mr F.M. Logan: Tell him again.

Mr M.P. MURRAY: I think the Leader of the House might be filling the Premier in on what I have said. I hope that he understands that there should be an inquiry into why the south west is missing out and why, in fact, other small industries are missing out on these types of projects. Yes, the company did have the expertise. Yes, the design was drawn. Yes, it is located just across the road from where the artificial reef is to be put. So why did it go to another company at a cost of an extra \$400 000? I am not too sure about that. The Premier should have a very close look at his departments. At the same time as policemen are being taken out of the police and community youth centres to save miserable amounts, \$400 000 is being wasted by the fisheries department. That money probably could have been invested in research or some aquaculture industry that people could get jobs in. The Premier is not doing that. That is why I believe this bill is a great move forward and the government should support it.

As a tradesman, I know that jobs come and go. I have told this story a few times. In the 1970s I got up one Saturday morning and wanted to change my job. There was only one job for a mechanic in the newspaper in about 1972. There is waxing and waning. At the moment, it is being called a boom. It is a boom for whom? I am not quite sure. Young people come into my office on a regular basis and ask me when Perdaman Industries is going to start because they do not have a job. People say to me that they have to leave town, move north and get a fly in, fly out job because they cannot afford to pay the rent, and so they leave their family behind. It is not good for our society. I am not against fly in, fly out work, but a fair balance is needed. We are seeing small communities breaking up, marriages breaking down and people having nervous breakdowns because the work is not being kept onshore. The government's policies are not ensuring that the work stays onshore and that all those fabrication shops up and down the south coast and into Fremantle are full of work so that we do not see the problems that we are currently seeing in society.

What about the people who queue up at any politician's office these days because they cannot pay their bills because prices have gone up? Why can they not pay their bills? It is because they had to get a lower paid job because it was the only one they could get. That is a regular occurrence. Where is this boom? There are a few people working offshore and earning extreme amounts of money. It needs to be spread right across Western Australia, not just to the select few or to the people who work here and then head back to Queensland, Korea or Japan, which is what Gina Rinehart wanted for this state. I am very strongly opposed to that because we need to look after our own. That means that we have to train our own, and we have not been doing that. We have seen apprenticeships wind down over this period. In fact, some of the group schemes have now put many kids on hold because they cannot place them; there is nowhere to put them. What has gone wrong? It is time the Premier had a really good look at the processes that the government is using, how it is moving forward and how it will keep those jobs in WA. I am dumbfounded that we are using the word "boom".

Several members interjected.

The ACTING SPEAKER: Members!

Mr M.P. MURRAY: The Premier has said it more than once in this place. He denied it in earlier times, but in the end he had to use the b-word. Talking about a "b", look at that one who just walked in!

Dr K.D. Hames interjected.

Mr M.P. MURRAY: Have a look! I have seen him on the television.

We must look from top to bottom, with small businesses and large businesses or, if you like, super businesses. We have not done that. We have seen small business people really struggle. I am going to be very brief today.

The Premier is smirking again about this very serious issue. If that is the type of arrogant Premier we have, there could be a change at the next election. I would like to hope so for more reasons than one. Even a change at the top would freshen the place up. I would like the Premier to give a commitment to look at this particular job for an artificial reef in the Bunbury region. He might learn something out of it. It is about wasting money. It is about people who set up a tender so that someone other than a Western Australian company could get it. That is the allegation that has been made. It is about supporting the south west. We need some work in the south west, and the Premier knows that very well. These small jobs could fill the gaps.

In closing, I am sure that the Premier is also very surprised by the Bunbury Chamber of Commerce and Industries. The region is represented by the member for Bunbury, the Treasurer and the very tall, slow-moving gentleman from Murray-Wellington. He has not quite got into his stride since he has been in Parliament, but he might get there one day. It is a pretty safe seat. Those ministers, including that one over there, have let down the

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Mr Mark McGowan; Mr Roger Cook; Mr Mick Murray; Dr Kim Hames; Acting Speaker; Mr Fran Logan; Mr Joe Francis; Mr Troy Buswell; Mr Bill Johnston; Dr Mike Nahan; Mr Peter Tinley

south west so badly that I think there will be a knee-jerk reaction at the next election because people do not want them anymore and it is time to move them on.

MR F.M. LOGAN (Cockburn) [4.48 pm]: I will be very quick, given that I have spoken on many occasions about the local content bill. It would help the opposition to get through this debate if the incessant interjections from the Minister for Health and his pirate mate over there the Minister for Housing were stopped.

The ACTING SPEAKER (Mr P.B. Watson): Member, just get on to the bill, please. If you need protection, I will protect you, but just talk to the bill.

Mr F.M. LOGAN: Thank you, Mr Acting Speaker, you are so kind! I do need protection quite often. I was bringing to your attention the interjections. Nevertheless, there are a couple of things I would like to raise. Recently, Premier, a long-established fabricator in the southern suburbs said to me, “How can we be in a situation in Western Australia where there is so much work being undertaken, where projects are being put into place that are the largest ever created in Australia’s history—bigger than the Snowy Mountain scheme—and worth tens of billions of dollars, most of which require complex engineering, fabrication, manufacturing and construction, and local companies are having to lay off people? How can we be in an environment where we are facing the biggest boom in fabricated products ever seen in Australia’s history, where tens of billions of dollars of fabricated products are being put in place for resource projects primarily in the north west and offshore, yet the local companies that in the past have built these projects—particularly the LNG trains designed by engineering companies in Perth—are not only not contributing to those projects, but also losing jobs?”

Last week, Premier, a number of companies across the Kwinana strip and in the southern suburbs let go another 100 workers because they simply did not have the work for them. How can we be in that situation in Western Australia? How can we have let that situation arise? Neither the community nor the next generation of Western Australians will thank us for allowing these fantastic opportunities for Western Australian workers and companies to simply pass us by.

The second issue relates to the bill itself. Members may remember that we introduced another local content bill into this house last year that was similar to this legislation but went a little further. Extensive debate occurred on that bill, and we lost the vote by one vote. I need not remind members who promised to support the bill and then decided to dud the engineering industry in Western Australia by voting with the government. Everybody in this house knows who that was.

Mr R.H. Cook: Who was it? Tell us.

Mr F.M. LOGAN: He is not here, but we will remind him of it and we will remind his constituents about what he has done to not only the engineering industry, but also many organisations around Western Australia.

That bill failed by just one vote. The point is that this bill before the house tonight actually addresses all the criticisms made about the previous bill that justified the government voting against it. All the issues and criticisms raised by the then Treasurer, the current member for Bateman, were taken up by Labor. We amended the legislation to address the very issues raised by the government as reasons for not voting for the previous bill. The legislation before the house tonight is a bill—I put this to the Premier—that the government has no complaint with because the issues government members complained about have been addressed. This bill should be passed because the government should find no fault with it. If members opposite find fault with this bill and vote against it, given the fact that we have addressed all the criticisms about the previous legislation to suit them, they will clearly show to the engineering, fabrication and manufacturing sector of WA that they do not care. Members opposite will not help that sector. They do not care about the jobs that will be lost and they do not care about the tenders that will never be won. They do not care about the future of the industry and the fact that many of these companies will close their doors because of the lack of care for the industry by members opposite. Here is the opportunity tonight. If government members vote against this bill—a measure that suits them completely as it addresses all criticisms raised with the previous legislation—the Western Australian manufacturing and engineering sector will know that this government will never ever support it, and that it will stand idly by as companies close and jobs are lost. I have already indicated that last week 100 jobs were lost in the fabrication industry in the southern suburbs at the height of Australia’s biggest metals and engineering project expansion ever experienced. Here is a chance for the Premier and government members to support that industry. If they vote against this bill tonight, it will clearly show that they have no time for the manufacturing and engineering industry in Western Australia and they will condemn that industry to oblivion.

MR J.M. FRANCIS (Jandakot — Parliamentary Secretary) [4.57 pm]: The government does not intend to support the Skilled Jobs (Benefits from the Boom) Bill 2012.

Mr F.M. Logan: So the member for Jandakot is saying that he does not support the bill.

Mr J.M. FRANCIS: Absolutely, and I will tell the member why for a number of reasons. I hope that those people in the gallery who own and operate businesses take note of some of the points I make and try to keep an open and impartial mind when forming judgement on the position between the two sides of this house. This is essentially a philosophical issue. Both sides of this house want to see as many jobs as possible created as a result of the growth in many sectors of the economy within Western Australia. That matter is not in dispute. Of course we think that as many jobs should be created in Western Australia as possible, especially when it comes to harnessing those jobs from not only the Western Australian resource sector, but all sectors of the Western Australian economy. Interestingly, member for Cockburn and other members opposite, I do not accept that this bill addresses all the issues that the member said were raised in debate on the almost identical bill last year. I will go through some of these points. There are flaws in this bill. This bill leaves it unclear whether the successful negotiations of skilled work agreements would form part of the state's overall project approval process. That is a very important point. If this is so—the member says it is—our view is that this leaves it as nothing but a state of mandating local content.

Mr P.C. Tinley: Hang on; say that again.

Mr J.M. FRANCIS: If consideration is outside the project approval process when the government gets involved in implementing these provisions in the opposition's bill—I will shortly go through some of them, especially clause 7, for the benefit of business owners especially, as well as the workers in the gallery—and it is unclear in the bill, clearly, the point of the bill is futile to start with.

Mr F.M. Logan: Let 'em rip; don't force them to do anything. Don't ask them to do anything.

Mr J.M. FRANCIS: The bill does not include any detail whatsoever on how negotiations should be conducted by the parties. Most importantly, it does not describe in any way how disputes will be resolved if there is one on even the most basic supply of information that is required in, say, clause 7 of the bill.

Mr P. Papalia: What absolute tripe. Is that your justification for opposing it?

The ACTING SPEAKER (Mr P.B. Watson): Member!

Mr J.M. FRANCIS: In recent weeks—let us be honest about this—the union, via Steve McCartney, has been arguing that the state government should adopt a buy local policy such as that which has been in place since 2000 for government purchasing and that the building local industry policy covering both government purchasing and major resources investment since 2004 should be implemented at state level. I mentioned in this debate last year how the biggest steel project I could think of in Western Australian history—I am happy to stand corrected if I am wrong—was the floating dry dock that was built at Henderson. I am a huge supporter of the floating dry dock facility. In 2005, 2006 and 2007 the government put that project out to tender. There were initially four tenders. I think Forgacs was one of the tenders, and a Western Australian company tendered for it.

Mr P. Papalia: Has anything changed in the sector since then? Have you noticed any difference?

Mr J.M. FRANCIS: The problem with the tenders was that they were extremely expensive. I think then Minister MacTiernan put this project out to tender again. Its value was just shy of \$200 million, from memory, with 91 per cent state government funding; four per cent defence funding and five per cent Australian Submarine Corporation funding. The work was put out to tender a number of times. Finally, the Western Australian state Labor government had the floating dry dock built.

Mr F.M. Logan interjected.

Mr J.M. FRANCIS: Yes. The smarts were done here, but the steel manufacturing part of it was done in Vietnam. That was done—I will come back to this later—because it was right for government to be prudent with taxpayers' money and it could be built at half the price at which it could be built here. Opposition members are saying it is okay for their government to be prudent with taxpayers' money but it is not okay for business to be prudent with shareholders' money.

Dr A.D. Buti interjected.

The ACTING SPEAKER: Member for Armadale!

Mr J.M. FRANCIS: I will go through a list of some of the proactive things the government has done to encourage industry to support each other in Western Australia. I think they are worth noting.

Several members interjected.

Mr J.M. FRANCIS: Madam Acting Speaker, I am not asking for interjections and I am not singling out anyone. I think it is worth noting that what we sometimes do as individuals shows as much leadership as what we do as members of Parliament and as a Parliament as a whole. It was interesting to hear the Leader of the Opposition

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when he spoke and said—I wrote down his words pretty quickly, so I stand corrected if I have them wrong—“We are a diverse economy with a range of industries.” He said he was concerned about a range of industries such as tourism, retail, hospitality and the like, and he said, “Other industries have some effort put into them by the state government, and this state has to be more about mining and I am concerned about that.” I totally agree with the Leader of the Opposition. Of course, there are many industries in Western Australia that are as important, and deserve as much attention, as the mining and the manufacturing industries in Western Australia—such as the tourism industry. I find it amazing that the Leader of the Opposition chose to go to Bali for a holiday rather than support the Western Australian tourism industry.

Several members interjected.

Mr J.M. FRANCIS: Let me tell members why. I have been —

The ACTING SPEAKER: Members!

Point of Order

Mr T.R. BUSWELL: I was reflecting on standing order 95, “No noise or interruption of debate”.

Several members interjected.

The ACTING SPEAKER (Ms A.R. Mitchell): Members!

Mr T.R. BUSWELL: It reads —

Members will not converse noisily or otherwise disturb the proceedings.

I have to say —

Mrs C.A. Martin interjected.

The ACTING SPEAKER: Thank you, Treasurer, I have picked up the standing order. I thank you for raising that matter, but I am satisfied that we can proceed without a point of order.

Debate Resumed

Mr J.M. FRANCIS: The point I make is that I am not knocking the Leader of the Opposition. I too once went to Bali for a holiday. I too had a cheap suit made; I just chose not to wear it any more.

Several members interjected.

The ACTING SPEAKER: Members! Member, I think you need to be careful what you say as well.

Mr J.M. FRANCIS: The point I am making is that it is worthy of noting that when we have a choice of supporting certain industries, we do so when we can, but we do not mandate where people can or cannot go on holidays or whether members of Parliament or anyone else in Western Australia should drive an Australian-made car. Members can go out to the car park here and see how many of the members’ cars were made in Australia and how many people showed leadership with their own money when they had a choice and bought an Australian-made car.

Several members interjected.

Mr J.M. FRANCIS: It comes down to choice for business and choice for individuals. The big issue—it is important—that faces Western Australia and the reason so many segments of manufacturing industries struggle to compete is, without a doubt, productivity.

Mr P. Papalia: It is nothing to do with the Chinese government subsidising its competitors!

Mr J.M. FRANCIS: I was recently at a futures forum at the convention centre with a lot of major players from the Western Australian resources sector, and Australian business generally. One of the more interesting comments I heard was about Chevron, a joint venture partner with Woodside in the Browse LNG project.

Mr W.J. Johnston: No, it’s not.

Mr J.M. FRANCIS: The member for Cannington can look at the website; I checked it before I stood.

Mr W.J. Johnston: It sold out to Shell.

Mr J.M. FRANCIS: Interestingly, when Roy Krzywosinski was asked about productivity in Western Australia, he told the story about how important the Gorgon project was both for Chevron and for Australia’s status as a major LNG exporter. He said, “We are generating tens of thousands of jobs because we are growing local content.” Chevron is doing that without a bill like this interfering in its business operations. Without a doubt, if members opposite looked up wheatstonejobs.com, they would see a direct effort from industry to try to address

this issue of its own accord. Wheatstone will provide 5 000 jobs and will give preference to people who live in Western Australia. Members can look at the website and see a list of all the jobs being advertised, and the process people can go through to get employment. It is interesting that Mr Krzywosinski told the story that thousands of people are resident on this project at any given time. He gave the example of how it takes four times longer and costs four times more to refuel and reload a supply ship in Perth and send it up north than it does to have exactly the same thing done in Singapore—four times longer and four times more

Mr T.R. Buswell: The MUA.

Mr J.M. FRANCIS: Absolutely, Treasurer; this is a direct result of the productivity put on the waterfront by the Maritime Union of Australia. I would love to know whether the Labor Party in this place supports the MUA on its very unreasonable claims for the port of Fremantle.

Mr F.M. Logan interjected.

Mr J.M. FRANCIS: Chevron is saying that it wants to support local content, but the unions are making it so difficult for Chevron to do that, because, at the end of the day —

Mr F.M. Logan interjected.

The ACTING SPEAKER (Ms A.R. Mitchell): Member for Cockburn, do not continue to call out across the chamber. I call you for the third time today.

Mr J.M. FRANCIS: It takes four times longer and costs four times more to do it here than it does in Singapore. Any person running that business would seriously consider moving that job to Singapore as well, because they would save money for their shareholders. This is absolutely an issue of productivity.

I particularly want to refer to clause 7 of this bill.

Several members interjected.

The ACTING SPEAKER: Members, quiet please!

Having listened to the members for Cockburn and Collie–Preston, I am not sure whether they believe we are in a boom. The member for Collie–Preston says we are not in a boom, but the title of the bill contains the words “benefits from the boom”, so I am not quite sure what the Labor Party’s position is as to whether —

Dr A.D. Buti: What do you think?

Mr J.M. FRANCIS: I think we have a great period of economic growth, but I do not think it is a boom. We have a solid period of economic growth and there have been a few hiccups, but we are still going okay. It is worth noting the provisions in clause 7 of the Labor Party’s the bill. I ask that the people who actually have to administer a manufacturing business to take this into account. There has been some debate in this place over the years about red tape and I want those people to think about what these provisions would do to the administrative burden of running their businesses; this is important. Clause 7 states —

- (b) the disclosure of particular financiers, investors or others that are preferred in relation to the provision of finance for the project;
- (c) the disclosure —

Mr P.B. Watson: Stop reading your notes —

Mr J.M. FRANCIS: I am not reading from notes; I am reading from the Labor Party’s bill —

- (c) the disclosure of global supply chain rebates that may —

Dr A.D. Buti interjected.

The ACTING SPEAKER: Member for Armadale!

Mr J.M. FRANCIS: I start again —

- (c) the disclosure of global supply chain rebates that may accrue to businesses that do not operate in this State;
- (d) which of the services that are required for the project will be carried out in the State ...
- (e) in which region of the State ... each of the WA services will be carried out;
- (f) the number of person-hours for each type of skilled work position that it will take to carry out the WA services;

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I do not run a manufacturing business, but if I did, right now my ears would be weeping steam. Clause 7 continues —

- (g) the number and type —

Several members interjected.

Mr J.M. FRANCIS: These are the provisions a person running a business would have to comply with —

- (g) the number and type of apprenticeships and other trainee positions that are required to train people for the skilled work positions that are required to carry out the WA —

Point of Order

Mr W.J. JOHNSTON: I would like to provide a copy of the bill to the parliamentary secretary, because he is clearly not referring to it, as this bill has no reference to requiring anything of manufacturing companies. It only refers to obligations —

Mr T.R. Buswell interjected.

The ACTING SPEAKER (Ms A.R. Mitchell): One moment. Thank you, member for Cannington you have made your point. You have said that he has not got the bill.

Mr J.M. FRANCIS: I am reading word for word from the bill.

The ACTING SPEAKER: Thank you.

Debate Resumed

Mr J.M. FRANCIS: I return to clause 7 —

- (h) which of the services that are required for the project will not —

Several members interjected.

The ACTING SPEAKER: Members! The member for Jandakot is referring to the bill and will continue with this speech. If other members wish to speak, they have an opportunity down the track. Do not call out continually throughout the debate.

Mr J.M. FRANCIS: I again return to clause 7 —

- (h) which of the services that are required for the project —

Mr P.B. Watson interjected.

The ACTING SPEAKER: Member for Albany, I call you to order for the second time.

Mr J.M. FRANCIS: I return to clause 7 —

- (h) which of the services that are required for the project will not be carried —

Several members interjected.

Mr J.M. FRANCIS: I think the Labor Party is ashamed of its own bill.

The ACTING SPEAKER: Minister for Agriculture and Food, I call you to order as well. That is your third call today, minister, thank you.

Several members interjected.

The ACTING SPEAKER: I have not sat down yet and when I do, it will remain quiet.

Mr J.M. FRANCIS: Still on clause 7 —

- (h) which of the services that are required for the project will not be carried out in the State;
- (i) why each of the services mentioned in paragraph (h) will not be carried out in the State;
- (j) the monetary amount to be invested in research and development programmes to be conducted in the State in relation to the project;
- (k) whether Australian standards and specifications will be used when requesting proposals and tenders in relation to the project and if not —
 - (i) why Australian standards and specifications will not be used; and
 - (ii) identification of the standards and specifications to be used;
- (l) if the project involves the fabrication of steel products —

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- (i) the total amount of steel products to be produced overall, expressed in tonnage; and
- (ii) the total amount of steel products to be produced in the State, expressed in tonnage;
- (m) how and when information will be publicly available so that members of the public can readily assess the extent to which the provisions of the agreement have been complied with.

Can members just imagine the regulatory burden that this provision will put on the resources industry in Western Australia? And if people think the industry has—

Mr W.J. Johnston interjected.

The ACTING SPEAKER: Member for Cannington!

Mr J.M. FRANCIS: If people think the industry struggles to compete now, keep in mind —

Dr A.D. Buti: The resources industry.

Mr J.M. FRANCIS: Member for Armadale, not every single resource —

Several members interjected.

The ACTING SPEAKER: Members! The member is making his speech. He does not give all the points at the one time. He has 60 minutes to make his speech and I request that members give him the time to get the points out so that we can get through it a bit quicker than the time it is currently taking us. If members wish to speak later on, they can.

Mr J.M. FRANCIS: Many resource projects in Western Australia are funded through shareholders, who are the people we represent as well. Not all the projects are high-margin, high-profit projects. Some of them are approved through their own financial processes and evaluations, and are considered by the people investing the money to make a fairly slim margin. This bill will put a burden on them, which will cost a lot of money. Quite simply, it will cost a lot of money for those affected to implement these requirements, and some of the projects will suddenly become unviable and unfeasible. A lot of these projects will not even come to Western Australia or Australia; they will go overseas, because in the long term if we want to be completely frank about the future of the Western Australian economy and our biggest threat, other than productivity, it will be, in 10 to 20 years, the rise of the resources sector in Africa.

Mr F.M. Logan: In Africa?

Mr J.M. FRANCIS: Does the member not think that is right?

Mr F.M. Logan interjected.

Mr J.M. FRANCIS: Of course it will be. It will be our major trading competitor in 20 years when we try to sell our resources to India, China, Japan and to any other country that may be our potential customers. It will not have the issues with productivity that we will have, unless we change our ways; it will just not have the issues we have. This is not just something I have made up; industry leader after industry leader has said exactly the same thing.

Dr A.D. Buti: Which one?

Mr J.M. FRANCIS: Andrew Forrest has said it a number of times; Sam Walsh said it as well. We have to be very aware of the actual truth of the situation in Western Australia at the moment and we also have to be very aware of what challenges the state will face in the future, both in the medium term and long term.

Having said all that, I want to go through some of the things the government has done to address this particular issue. As I said from the outset, I recognise, and the government recognises, that we need to do everything we can fairly and reasonably to increase local participation in resource projects. The government has obviously acknowledged the changed market circumstances that face both the manufacturing and service sectors of the resource industry. It is not just steel manufacturers; a whole lot of businesses are involved in the resources sector. One business I know of has 10 000 to 12 000 staff on its books and does nothing but provide fly in, fly out caterers and cleaners for mine sites. There were 10 initiatives contained in a framework that the government laid out to increase local participation and since the government rolled out this framework, it has contributed to the award of over \$25 billion—an increase in \$25 billion worth of work—to Western Australian industry. The department estimates that it has created an additional 70 000-odd jobs. If I am wrong, someone can probably do the maths and tell me why, but we know that about 1 000—the member for Bateman will know this better than I do—or 1 200 people a week move to Western Australia to take up employment. That is a substantial number of people. We also know, Treasurer, that the unemployment rate in Western Australia is about 3.5 per cent at the moment —

Mr T.R. Buswell: About 3.9 per cent.

Mr J.M. FRANCIS: It is 3.9 per cent, while the unemployment rate in the rest of Australia is going through the roof.

Mr A.P. O’Gorman interjected.

Mr J.M. FRANCIS: No. What I am saying is that most of the people who come to Western Australia to look for work get work. If all the people who migrated from the eastern states to Western Australia did not get work, the unemployment rate in Western Australia would be going up and the unemployment rate in the eastern states would be going down as people leave the eastern states and move over here. Clearly, over the last few years there has been a history of job creation in Western Australia—actually, over the last two decades there has been a fairly substantial increase. So, when someone from the government tells me that our policies have created an additional 70 000 jobs, the numbers look reasonable to me, considering the movement of population into Western Australia and a fairly low unemployment rate, bearing in mind the rate in every other state and territory in the commonwealth.

As I said, the government recognises the importance of competitive manufacturing in Western Australia in terms of not only support to the construction and operation of the mineral and energy projects, but also potential to supply overseas developing markets such as Africa. There are a lot of great examples. One has only to look at Ausdrill as a business example in Western Australia, which now flies in and flies out more than 200 workers at a time on any given day to work in Africa. It is a great Western Australian success story.

Of course, the government has also delivered the very successful industry facilitation support program, which helps industry and has provided assistance, in the vicinity of \$2.5 million, to 106 companies. A couple of weeks ago I was in Kalgoorlie visiting a crane company, Goldfields Crane Hire. It was lucky enough to get a grant of almost \$25 000, which allowed it to put in a truck wash pit for these massive cranes. They are able to collect the water from washing the trucks, do the right thing by the environment and comply with standards. That helps it to make its business that little bit more competitive. A whole range of businesses across Western Australia have applied for funding under that program. If I can give any feedback to the small operators who might be listening to this debate, it is that those who have applied for funding under that grant to help their business become more competitive have said to me that they were absolutely amazed at how easy and fast the process was. So, please go and look at the requirements of that program and try to get some help from the government, because the government is very keen to help businesses that think they can identify a way to make themselves more competitive.

The regional focus program has \$500 000 of royalties for regions funding for conducting business forums throughout Western Australia. A lot of programs are run locally, but the majority are run by the state and federal governments. These programs help businesses interact with, and provide support for, each other within the state of Western Australia, instead of going offshore or somewhere else when the work can be done here. The concept of forcing projects, government agencies and companies—this is the thrust of the argument—to purchase a particular product, regardless of price, will do nothing to enhance the prosperity of Western Australia; it will do absolutely nothing to help us. Forcing people to do business with each other against their will, when they can do business with someone else a little bit cheaper, will only delay the pain of having to confront the issue that a company is not productive enough to compete with the rest of the world.

In closing, I want to say that of course the government is committed to doing everything it can to help industry create as many jobs as possible in Western Australia. As I said, we can look at projects such as Wheatstone, and look at its website. There are 5 000 jobs, and priority is given to Western Australians. The Minister for Training and Workforce Development commented that this government has spent more and invested more in creating new training places than any government in the history of Western Australia, and it is something that we are very proud of.

We do not support the opposition’s bill. We do not think it is the way to solve the problem. We think that the best thing the Labor opposition can do is pick up the phone, ring its union mates and say, “Knock off on the unreasonable claims. We need to do something to help productivity in Western Australia.” That challenge is thrown right at the feet of the unions of this state, which are doing more to slow down economic growth than any other single organisation, and they should be condemned for that.

DR M.D. NAHAN (Riverton — Parliamentary Secretary) [5.25 pm]: I will make a few comments on the Skilled Jobs (Benefits from the Boom) Bill 2012. To some extent it is *deja vu*, but it is an important issue, so let us go back to it. The bill would be better labelled the “Skilled Jobs (Magic Pudding) Bill”, because it gives the impression that all we in this place have to do is pass this bill and jobs will flow into the fabrication sector, full employment will sweep into the Kwinana strip, and kids will miraculously see and graduate from high school

and take up apprenticeships in engineering. It is bunkum; it is not that easy at all. In fact, the opposition is misrepresenting its own electorates.

We are not in a boom time. Ask the Treasurer. We are in good times in this state, and this state is the envy of the world in terms of its economy, job creation, unemployment rate and income levels, but we are not in boom times. Sectors are doing well, such as the oil and gas sector. The mining sector has been doing very well indeed, but it is levelling off and struggling. But around the world and throughout history, even in good times sectors struggle. As the member for Jandakot indicated, the tourism sector in Western Australia has been struggling for some time, as has the retail sector and many other sectors, including the metal fabrication sector, for a variety of reasons. It is struggling very hard, as is tourism. However, before we lose sight of it, the good times, through local content from the growth in the liquefied natural gas and mining sectors, have reaped huge benefits for our economy and have created new businesses and new sectors, and allowed businesses to take on the world and, indeed, diversify our economy. Let us not forget about them. I see them in my electorate every day.

Last week, I think, I went to the Western Australian Industry and Export Awards. These awards are given to firms, small and big—agricultural, mining, engineering and others—that have done well in not only the domestic sphere, but also the international sphere. One such firm in my electorate is Globaltech Corporation. It is a manufacturer that makes high-tech recording devices for drill holes in mine sites. It is now expanding those from mining to oil and gas. This firm started working in Kalgoorlie and has expanded around the world. Now its biggest challenge is satisfying the market, because its executives are spending all their days on planes going around Asia, Latin America and Africa. It has taken on the world; in other words, it saw a niche and it had a skill base—high technology. It manufactured the goods and now it is selling them to the world. That is a success story—a great one. Another one is Transmin, which is a leader in engineering solutions for bulk handling. We have a lot of bulk handling in Western Australia. Transmin invented new and efficient manufacturing and electronic technologies to automate bulk handling. Another one in my electorate is Mining Information Systems. That is a classic story.

Mr J.M. Francis interjected.

Dr M.D. NAHAN: Yes, it did—two of them last week, actually.

That company started out in the backyard of one of the partners up in the Perth hills. He had an idea about 10 years or more ago. He had been involved in the mining sector and knew of the automation that was going on. The company had to tailor the systems to the demands of the specific mines, both large and small. The partners got together, hocked their house, lived on practically nothing for a number of years and developed the firm, which is now in Willetton and is winning awards and business from around the world. We see this over and over again. Indeed, I have been talking about the economic development of Western Australia for 25 years and we are now doing what I never dreamed we would do. I never dreamed we would have this array of successful businesses that started with a good idea, started using technology and started taking risks. They began as small operations that developed for the local resources sector but are now global. We should be celebrating this rather than saying, “Woe is me; the world is falling apart!” We should be celebrating it because it is the future of manufacturing in Western Australia and indeed of Australia.

I will make a few comments about the fabrication sector. There is absolutely no doubt that it is struggling. It is not doing as well as it has been or should be and it is losing pace. However, it could be worse. Without Gorgon, Wheatstone, Pluto, Rio Tinto and BHP Billiton’s expansion, it would probably be out of business. The metal fabrication sector will not be kept alive by this bill. It gives false hope.

Mr P. Papalia: Let’s give it a go.

Dr M.D. NAHAN: We do not give something a go if it is a sure failure.

People in the resources sector say that Western Australia has the highest cost of doing business in the world but that it does have some really good aspects to it. It has good ore bodies and infrastructure and its sovereign risk is exceedingly low. In fact, that is the greatest reason for resource companies to come here. This bill increases sovereign risk significantly. It will load up costs with no gain.

Mr P. Papalia: In what way does it increase sovereign risk?

Dr M.D. NAHAN: It will load up the uncertainty about the contractual relationship between the resource sector and the state. Members opposite say that the bill will not be a mandate. The whole purpose of the bill, which the member for Jandakot went through in some detail, is that the state will enter into an agreement with a resource firm for a project worth over \$200 million and that it will be a binding agreement. The agreement includes all sorts of things like the amount of steel per tonne that will be used and the number of workers by type of work, by hour and by geographic location. This agreement must be enforceable. People do not have agreements to say, “Do your best, mate; don’t worry about it.”

Mr Mark McGowan; Mr Roger Cook; Mr Mick Murray; Dr Kim Hames; Acting Speaker; Mr Fran Logan; Mr Joe Francis; Mr Troy Buswell; Mr Bill Johnston; Dr Mike Nahan; Mr Peter Tinley

Mr P.C. Tinley: That's what you have got.

Dr M.D. NAHAN: No, we do not. If the agreement is not enforced, it is not an agreement, but if the agreement is enforced, it is mandating local content. It is as simple as that. People cannot have an agreement if they are not going to enforce it because it is a waste of time. The opposition is trying to hide from the simple fact that the Labor Party has gone back in time away from its Hawke-Keating reformist roots to its protectionist days. It has gone back to its distant roots and is forgetting what it bragged about all the time—that it was a modern Labor Party that was interested in growth, innovation and reform. It is going back to protectionism. That is what this bill is. More importantly, the Labor Party is looking narrowly at a sector that is struggling—I will speak about ways we can help that sector if we want to—and crowding out all the success stories that I mentioned earlier. I put it to members that all the opposition is interested in is the minutia because it is related to its union roots. Labor is looking after its union roots rather than the sector and is forgetting about a range of businesses that need —

Several members interjected.

Dr M.D. NAHAN: The problem with the Labor Party is that it is interested only in its union roots.

Several members interjected.

Dr M.D. NAHAN: Did members opposite mention some of the firms that I did? No. The Labor Party's view is that the sector is booming so we have to control it and throw money at the fabrication sector. Members opposite did not mention all the success stories.

Mr P.B. Watson interjected.

The ACTING SPEAKER (Ms A.R. Mitchell): Member for Albany, I call you to order for the third time today.

Dr M.D. NAHAN: The government has to govern for everybody. The opposition represents a narrow constituency and it should do better. There are some severe problems —

Several members interjected.

The ACTING SPEAKER: The member for Riverton is trying to continue his speech. Continual interjections, which he has not been responding to, should cease because he is not accepting interjections. I mention in particular the member for Warnbro.

Dr M.D. NAHAN: There are some severe problems with the fabrication sector and I agree that it is a strategically important sector and that we need it to continue.

Mr P. Papalia: What are you doing?

Dr M.D. NAHAN: First, we should not offer a magic pudding. That might get members opposite votes and support for their preselection, but it will do nothing for the fabrication sector or the workers on the Kwinana strip. We need to do what we have started to do. We have had clear dialogue with the driving sectors—the large firms—and made it quite clear to them that —

Mr P. Papalia: You had dialogue!

Dr M.D. NAHAN: Let me finish. Does the member want to hide what I say? Is that why he interjects all the time? Is he afraid of what I am saying?

We have had a dialogue with the drivers in the industry and made it clear to them in no uncertain terms that they must develop, along with the commonwealth, industry participation that does a lot of what this bill does. Clause 7(a) requires that —

the processes by which it is ensured that businesses operating in this State have equal opportunity with businesses operating elsewhere —

- (i) to participate in all aspects of the project; and
- (ii) to tender and compete on any aspect of the project;

That has been done for a long time and needs to be accentuated and developed. Secondly, we have developed a local content unit that has done a number of things. The opposition never says anything about productivity. The fabrication sector is facing huge competition from overseas, from changes in technology and, I might add, to cost structures. The fabrication sector is competing with the mining and LNG sectors for essential services and workers. It is facing huge cost and competitive pressures. This bill does not address that at all.

Several members interjected.

Mr Mark McGowan; Mr Roger Cook; Mr Mick Murray; Dr Kim Hames; Acting Speaker; Mr Fran Logan; Mr Joe Francis; Mr Troy Buswell; Mr Bill Johnston; Dr Mike Nahan; Mr Peter Tinley

The ACTING SPEAKER: I formally call the member for Warnbro for the third time today and the member for Joondalup for the first time today.

Dr M.D. NAHAN: This bill does not address the central core of the problem with the fabrication sector; it just ignores it. The Labor Party says that the bill will solve the problems by mandate. That will not happen. The government needs to look at the structural problems and the technological scale and linkages that the fabrication sector has with international networks. We need to do what Paul Keating and John Button did and look at a type of Button plan for the fabrication sector. There is absolutely no doubt—it is not as wide-scale as some argue—that there are some competitive impediments to the fabrication sector, particularly from overseas providers. We need to ensure that the local content agencies investigate any accusation of unfair dealings with tenders. They should not only investigate it but also report it.

Mr M.P. Murray: Isn't that some of your job?

Dr M.D. NAHAN: That is what we have said we are doing.

Mr M.P. Murray: It doesn't look like it!

Dr M.D. NAHAN: This bill does not mention it. We need to have an enforcement mechanism that people with claims of uncompetitive activity can go to and it can be investigated and reported on. We have the information about most of what the opposition is arguing for in the scale and openness of the competition of the project. We just basically have to shine some light on the project.

Another thing is that the fabrication yards have been operating very successfully for a number of years but they need a technological revolution. They need to do what Globaltech and other projects I mentioned are doing. They need to adapt technology, to innovate, to get to a higher scale and to change. Members in this place cannot put up a great big barrier and protect them from the winds of change. If opposition members claim to do that, they are misleading them.

Mr M.P. Murray: It shows how you are out of touch. It is about time you got around to some of those shops.

Dr M.D. NAHAN: I have. Opposition members are misleading them, and it will not work politically. That is because, even if they got the bill through Parliament, which they will not, the decline will continue.

Mr P.C. Tinley: Do you think there's a role for government leadership in promoting that change that you're talking about?

Dr M.D. NAHAN: Yes, I do. I actually think the strategic issue here is not as much fabrication as it is front-end engineering.

Mr P.C. Tinley: You would sacrifice them! Don't worry about them!

Dr M.D. NAHAN: No. There is a role for the state in identifying strategically on what it focuses its limited leverage. I strongly believe that we goofed back in the 2000s, but that is in the past. We need to focus on procuring front-end engineering design here, because with that comes procurement, and with procurement comes fabrication and linkages with local fabrication. If we bring front-end design and procurement here, things will follow—not perfectly, but there is a strategic role for government. It is at a higher level than this bill proposes; it certainly is not the magic pudding; but it is what we should focus on, and I think members will hear a comment in future from the relevant minister to that effect.

I would like to end with the comment that we are not in a boom; we are in good times. But there are a huge number of success stories. People in this house who decry the low position of manufacturing and innovation in this state are doing the state no good at all.

MR P.C. TINLEY (Willagee) [5.43 pm] — in reply: As the introducer of this bill, I would now like to bring this debate to a close and see people's true colour. I would like to see the true colour of people in this place in the choice they make. I want to see the true colour of those in this place who care about families, small and large businesses and the economy of this state, and those in this place who do not. There is a clear choice right here tonight for each and every member to act on their own moral courage, to act on their own logical thought processes and to act on their own cognisance irrespective of the ideology that they may hold as a shibboleth that can never be broken.

This party on this side of the chamber cares about small businesses. This party on this side of the chamber cares about big businesses. This party on this side of the chamber cares about the families and those suppliers that support those businesses, the teachers who teach the children in the schools of those people who own those businesses, and the workers in those businesses. I take extreme offence at anybody on the other side of the chamber who says that we are just toadying to some union call or to some form of organised labour. Never

before in this state have members ever seen workers and employers join together to rail against the abject failure to deliver one thing in this place—that is, leadership. The single most important thing this place can ever do for the people of Western Australia is to provide leadership. It is for members to provide the courage of their conviction and to say that they care enough about the people of this state that they can release themselves from their ideology. Members opposite are so bound in the rules of their own ideology that they can never move to a point at which they can say, “You know what, there’s always an exception to the rule. There’s always an exception to the idea that the free market should reign supreme, that the free market should leave all in its wake in the idea that we are somehow on some level playing field for a globalised economy in which 2.7 million people in Western Australia somehow swing a big bat.” The only bat that we can swing is the thing that belongs to the people of Western Australia; that is, the resources beneath our feet. The resources beneath our feet belong to the people of Western Australia represented by each and every one of us in this place. If we sell them short, we will sell short not only the people of our own constituency, but also the people of Western Australia and Australia.

Members on the other side have made a great virtue out of saying how free the market should be, yet they ignore the fact that they as a government support the gas reservation policy. They as a government support mandating a range of different things in this place, not the least of which is encoding in an agreement with a Chinese company the production of railcars out of China. That is what they have done, and they will be nothing but completely spineless if they do not in any way support the people of Western Australia. It is not good enough for the member for Riverton to stand and give a few good examples of a skilled services sector when the entire Kwinana strip is laying people off at 10 to the dozen. All he is doing is supporting foreign shareholders at the lowest possible bid.

Several members interjected.

The ACTING SPEAKER (Ms A.R. Mitchell): Thank you, members! I do not think the volume needs to be quite that loud right across the chamber. Points can be made. I said “across the chamber”, thank you, member for Albany; I do not need your assistance. Member for Albany, might I remind you to be very careful—very careful.

Mr P.C. TINLEY: All of us on this side of the chamber are going to say loud and clear to members on the other side tonight that they cannot sell down the river the jobs of people in Western Australia. They cannot sell our resources across the ocean to foreign companies owned by foreign workers.

Mr T.R. Buswell interjected.

The ACTING SPEAKER: Treasurer, I call you to order for the first time today. Once again I say that members can drop the volume and let the member for Willagee complete his speech in silence or with less volume; thank you.

Mr T.R. Buswell interjected.

The ACTING SPEAKER: Treasurer!

Mr P.C. TINLEY: They have made a great virtue of pointing fingers at members on this side and saying that we will ruin the entire resource sector and send it to hell in a hand basket on the basis that clause 7 somehow provides a quota or a mandate. Once and for all, we are not in any form providing a requirement for anybody to mandate anything. All this bill provides is that if the government does a deal on behalf of the people of Western Australia for the resources beneath our feet, it should bring that agreement into this place and lay it on the table and leave itself open to the scrutiny of the people of Western Australia as represented by the opposition. This government has let down the people of Western Australia. It calls itself the party of business. Once again, as we saw with the Building the Education Revolution program and the Building Management and Works fiasco and with the head contractor model for public housing, it has sold out a shibboleth that it holds dear and has privatised everything. It sells it to the lowest bidder—all yours; all done! Madam Acting Speaker, let us have the question put.

Mr M.W. Sutherland: That’s a relief!

The ACTING SPEAKER (Ms A.R. Mitchell): Member for Mount Lawley! I am waiting for quiet. Members, the question is that the bill be read a second time.

Question put and a division taken with the following result —

Extract from Hansard

[ASSEMBLY — Wednesday, 24 October 2012]

p7578b-7596a

Mr Mark McGowan; Mr Roger Cook; Mr Mick Murray; Dr Kim Hames; Acting Speaker; Mr Fran Logan; Mr Joe Francis; Mr Troy Buswell; Mr Bill Johnston; Dr Mike Nahan; Mr Peter Tinley

Ayes (25)

Ms L.L. Baker
Dr A.D. Buti
Ms A.S. Carles
Mr R.H. Cook
Ms J.M. Freeman
Mr W.J. Johnston
Mr J.C. Kobelke

Mr F.M. Logan
Mrs C.A. Martin
Mr M. McGowan
Mr M.P. Murray
Mr A.P. O’Gorman
Mr P. Papalia
Mr J.R. Quigley

Ms M.M. Quirk
Mr E.S. Ripper
Mrs M.H. Roberts
Mr T.G. Stephens
Mr C.J. Tallentire
Mr P.C. Tinley
Mr A.J. Waddell

Mr P.B. Watson
Mr M.P. Whitely
Mr B.S. Wyatt
Mr D.A. Templeman (*Teller*)

Noes (26)

Mr F.A. Alban
Mr C.J. Barnett
Mr I.C. Blayney
Mr I.M. Britza
Mr T.R. Buswell
Mr G.M. Castrilli
Dr E. Constable

Mr M.J. Cowper
Mr J.H.D. Day
Mr J.M. Francis
Mr B.J. Grylls
Dr K.D. Hames
Mrs L.M. Harvey
Mr A.P. Jacob

Dr G.G. Jacobs
Mr A. Krsticevic
Mr W.R. Marmion
Mr J.E. McGrath
Mr P.T. Miles
Ms A.R. Mitchell
Dr M.D. Nahan

Mr C.C. Porter
Mr D.T. Redman
Mr M.W. Sutherland
Mr T.K. Waldron
Mr A.J. Simpson (*Teller*)

Pairs

Ms R. Saffioti
Mr J.N. Hyde

Mr R.F. Johnson
Mr P. Abetz

Question thus negatived.

Bill defeated.