

Hon Brian Ellis MLC
Chair
Standing Committee on Environment and Public Affairs
Parliament House
PERTH WA 6000



29 June 2011

Dear Mr Ellis

PETITION 114 – WA JOBS FROM WA RESOURCES

I write to ask you begin inquires into the issue of obtaining skilled work from West Australia's major resources projects for local workers and the need for effective transparent and permanent framework for increasing the level of skilled engineering and fabrication work performed locally for our major resources projects.

Existing State Government policy is resulting in our major resources companies performing the vast majority of their engineering and fabrication work offshore. This is resulting in less work for local fabrication workshops and many of our engineers now have to go offshore if they want to help design our big projects.

Western Australia's vast reserves of natural resources are our biggest economic asset. Unless we increase the level of skilled engineering and fabrication work performed locally as these resources are being exploited, it is difficult to see how we are going to build the capacity of local industry or train local kids with the skills we will need to create new industries beyond the current resources boom.

When we consider what sort of jobs and opportunities we would like our children and grandchildren to have in Western Australia in the future, we also have to consider whether those jobs will be available. It is certain that, if government policy continues to allow our big resources companies to increasingly get their engineering and fabrication work performed offshore, there will be fewer and fewer opportunities in these industries and future generations of Western Australians will have little opportunity to develop skills in the workplace.

While it is true that our major resources projects deliver high levels of local content in areas like earthworks, catering, travel, telecommunications and other services industries, none of these activities is a driver of long term economic growth. Put simply, if we don't have vibrant engineering and fabrication sectors within our economy, it is difficult to see what industries will drive economic activity in WA the next time there is an economic downturn or when WA's reserves of natural resources begin to deplete.

Experience shows that major resources companies always comply with the laws of the land in which they operate. This is true in the case of environmental regulation and industrial relations law and it is also true in the case of local content requirements. There are many examples around the world of governments who take a tough position on local content, which major resources companies like Chevron comply with. This is why we believe that a

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legislated outcome will be the only solution that will provide lasting benefits to West Australia's economy.

We agree with the State Government in that mandating an arbitrary one-size-fits-all percentage for local content on major resources projects is not the solution. Mandated levels of local content are unworkable and could actually sell the State short. For example, if there were only one or two large projects under development, the mandated level of local content may leave many local engineering and fabrication businesses without work.

We note that the Skilled Local Jobs Bill 2011 has been tabled in the Legislative Assembly and we support intent and purpose of the legislation. The Bill contains a number of key factors that will help boost local content in Western Australia.

The Skilled Local Jobs Bill would require the Minister to negotiate with project proponents and reach agreement on the specific items of engineering and fabrication that will be performed in WA and formalise this in a Skilled Work Agreement, which would then be tabled in Parliament.

Importantly, the Skilled Work Agreement process would also require our major resources projects to provide regular reports to the Parliament that outline their performance in meeting the commitments they have made in their Skilled Work Agreements. This would deliver much needed transparency and accountability to the system.

Any legislated outcome will need to provide the current Minister for State Development and all future Ministers with flexibility to take prevailing economic conditions into consideration and negotiate the best local content outcomes possible, on a project by project basis.

It is our argument that any response needs to be legislated and take into consideration to the points raised above. The Skilled Local Jobs Bill 2011 is the most constructive proposal we have seen and we believe it would make a real difference.

With youth unemployment at high levels around Perth and many people reporting that the benefits of the current boom are not flowing to the community in the same way they did a few years ago. It is clear that something has changed within our economy and that something different needs to be done.

We believe an open and transparent inquiry, where major project proponents, local unions and local engineering and fabrication businesses could all give public evidence about the level of skilled work performed locally for WA's major resources projects, would be of significant public benefit. It would enable both the WA Parliament and the WA community to form a view as to whether we are getting a fair return for the exploitation of our natural resources and whether we are using the current resources boom to develop a skills base that will create new industries and jobs beyond the boom.

Yours sincerely



Owen Whittle

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