



## Premier of Western Australia

Our Ref: 24-90995

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

Dear <sup>Brian,</sup> Mr Ellis

### PETITION NO 114 WA JOBS FROM WA RESOURCES

Thank you for your letter dated 11 August 2011 requesting my comments on the terms of Petition 114 – WA jobs and WA resources and the accompanying submissions from the principal petitioners and tabling Members.

The Departments of State Development and Commerce inquired into local content levels which culminated in the Local Content Report, tabled in Parliament on 18 May 2011. The Report includes:

- changes in the market that put at risk levels of local content;
- the strengths of the resources sector;
- international experience with local content policy; and
- policy options.

The Report describes the increasing competitiveness and complexity in the market to supply the State's resource projects.

It explains Australia's multilateral trade obligations that restrict Western Australia's ability to impose local content requirements on the private sector. While some Western Australian businesses may find it hard to compete with overseas suppliers and experience restructuring pressures, Western Australia as a whole is better off in an open trading environment developing companies that can compete globally.

As described in the Report, Western Australian suppliers are providing diverse skills to resource projects and many Western Australian suppliers are globally competitive and operating overseas. Western Australia has the highest number of companies in Australia in the mining, technology and services sector – with 320 companies, representing 30% of the Australian total.

The Report considered a range of responses to the changes in market conditions experienced by local companies. Legislation is not the only and may not be the most efficient or effective means available to Government.

On 1 July 2011, in response to the departmental inquiries, Hon Simon O'Brien MLC launched the Western Australian Government Local Industry Participation Framework. The Framework builds on the Local Content Policy's requirement that businesses be given full, fair and reasonable opportunity to be considered for major work.

The petitioners are seeking more transparency and negotiation between Government and project proponents. These features are being addressed by Government and can be achieved without the introduction of new legislation that will add to project approvals processes reducing Western Australia's investment attractiveness.

The Government continues to use State Agreement Acts requiring resource proponents to consider local employment and local suppliers. Future agreements will include increased requirements for transparency. Proponents will be required to publicise information about forthcoming tenders well in advance and also about tenders let. Requirements for proponents to show how they will increase and maintain high levels of local content are being included in Industry Participation Plans, State Agreement Acts and State Development Agreements.

The Department of Commerce has additional resources available to its Industry Participation Unit to engage in greater dialogue with proponents about how they will increase and maintain high levels of local content.

The focus of the petitioners on steel fabrication as well as engineering and design distorts the overall picture and neglects the overall benefits that resources development brings to Western Australia. I do not believe there is merit in the Standing Committee taking this issue further.

Yours sincerely



Colin Barnett MLA  
**PREMIER; MINISTER FOR STATE DEVELOPMENT**

12 SEP 2011

**PUBLIC**